

March 17, 2009

BY COURIER (7 COPIES) AND EMAIL

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
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2300 Yonge Street, Suite 2700
Toronto, Ontario M4P 1E4
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Dear Ms. Walli:

**Re: Pollution Probe – Motion for Full and Adequate Interrog. Responses
EB-2008-0187 – Hydro One – 2009 Distribution Rates**

Please find enclosed Pollution Probe's motion for full and adequate interrogatory responses in this matter.

Yours truly,



Basil Alexander

BA/ba

Encl.

cc: Applicant and Intervenors by email per Appendix A to Decision on Cost Eligibility

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF a review of an Application by
Hydro One Networks Inc. for an Order or Orders approving just
and reasonable rates and other charges for electricity distribution
to be effective May 1, 2009 (the "Hydro One 2009 Distribution
Rates Application").

MOTION RECORD

**(Pollution Probe Motion for Full and Adequate
Interrogatory Responses Regarding CDM)**

March 17, 2009

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INDEX

<u>Tab</u>	<u>Contents and Sub-Tabs [pages]</u>
1	<p>Notice of Motion [1-6]</p> <ul style="list-style-type: none"> • Pollution Probe Motion for Full and Adequate Interrogatory Responses Regarding CDM
2	<p>Responses to Pollution Probe's Interrogatories [7-13]</p> <ul style="list-style-type: none"> • Exhibit I, Tab 9, Schedules 1-7
3	<p>Rules 28 and 29 of the <i>Ontario Energy Board Rules of Practice and Procedure</i> [14-15]</p>
4	<p><i>Ontario Energy Board Act, 1998</i>, S.O. 1998, c. 15, Schedule B, s. 1 [16]</p>
5	<p>Marked Excerpt from Hydro One's Evidence regarding CDM [17]</p> <ul style="list-style-type: none"> • Exhibit B1, Tab 3, Schedule 6, pg. 11
6	<p>Excerpted Responses to Pollution Probe's Interrogatories in 2008 Rates Case [18-30]</p> <ul style="list-style-type: none"> • EB-2007-0681, Exhibit H., Tab 2, Schedules 5-13
7	<p>Marked Excerpts from Hydro One's Evidence regarding CDM in 2008 Rates Case [31-37]</p> <ul style="list-style-type: none"> • EB-2007-0681, Exhibit A, Tab 13, Schedule 1 • EB-2007-0681, Exhibit A, Tab 14, Schedule 3, pg. 8-9 • EB-2007-0681, Exhibit A, Tab 17, Schedule 1, pg. 1 • EB-2007-0681, Exhibit H, Tab 1, Schedule 105, pgs. 4-6
8	<p>Marked Excerpt from Hansard on February 24, 2009 [38-40]</p> <ul style="list-style-type: none"> • Response by Premier to a question at pgs. 4993-4994
9	<p>Affidavit of Kent Elson affirmed on December 22, 2008 [41-42]</p> <p>Exhibit A "Notes for remarks" by the Honourable George Smitherman, Deputy Premier and Minister of Energy and Infrastructure to the Canadian Club on October 31, 2008 [43-46]</p> <p>Exhibit B Marked copy of a List of a letter dated March 12, 2009 from the OPA to the Ontario Energy Board regarding the IPSP [47-48]</p> <p>Exhibit C Marked copy a Toronto Star article entitled "Province's green act empowers local utilities" dated March 16, 2009 [49-51]</p>
10	<p>Marked Excerpt from Hansard on February 24, 2009 [52-54]</p> <ul style="list-style-type: none"> • Statement by a Parliamentary Assistant to the Minister of Energy and Industry at pgs. 5011-5012 <p>Marked Excerpt from Bill 150 regarding proposed addition of s. 27.2 to the <i>Ontario Energy Board Act, 1998</i> [55-57]</p>

EB-2008-0187**ONTARIO ENERGY BOARD**

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF a review of an Application by
Hydro One Networks Inc. for an Order or Orders approving just
and reasonable rates and other charges for electricity distribution
to be effective May 1, 2009 (the "Hydro One 2009 Distribution
Rates Application").

NOTICE OF MOTION
(Pollution Probe Motion for Full and Adequate
Interrogatory Responses Regarding CDM)

THE INTERVENOR, POLLUTION PROBE, will make a motion to the Board on a date and
time to be set by the Board, at the Board's Hearing Room, 25th Floor, 2300 Yonge Street,
Toronto, ON, M4P 1E4.

PROPOSED METHOD OF HEARING: The motion is to be heard:

- ☐ in writing because it is ;
- ☐ in writing as an opposed motion;
- ☒ orally.

THE MOTION IS FOR:

1. An Order that Hydro One provide full and adequate responses to Pollution Probe's
interrogatories at least three days before Pollution Probe is required to cross-examine on
those issues; and

2. Such further and other relief as counsel may request and that seems just to the Board.

THE GROUNDS FOR THE MOTION ARE:

A. Summary

1. Pollution Probe requests that the Board order Hydro One to provide full and adequate responses to Pollution Probe's interrogatories regarding CDM. The answers appear to be available, since Hydro One provided answers to such questions in its 2008 rates case. Further, without the provision of those answers and review of Hydro One Distribution's CDM activities in this matter, there would appear to be no forum for official oversight of Hydro One's CDM activities. Importantly, this lack of accountability is occurring in the current context of increasing public statements by the government of Ontario highlighting the importance of such CDM for the province. Pollution Probe also respectfully requests that these responses be provided at least three days before Pollution Probe is required to cross-examine on these issues.

B. Detailed Submissions

2. In response to *all* of Pollution Probe's interrogatories, all of which were related to CDM, Hydro One gave the same answer, stating that:

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

3. There is therefore in this proceeding very little information before the Board about Hydro One Distribution's CDM activities.
4. The effect of these responses is that the Board is unable to determine whether or not Hydro One Distribution is conducting appropriate levels of cost-effective CDM. Apparently the OPA is providing the funding for the CDM that Hydro One currently intends to pursue, but Pollution Probe submits that such contribution by OPA does not

automatically answer all relevant questions about such CDM and does not make the Board's responsibility over such CDM disappear. While the Board has been rightfully concerned to avoid a duplication of CDM funding, Pollution Probe respectfully submits that the Board continues to be charged with the responsibility of guarding that the proposed activities are appropriate and of asking whether further cost-effective CDM should be required, so as to be consistent with government policy.

5. Hydro One provided full and adequate responses to similar interrogatories as part of its 2008 rates case, which suggests that answers to the current interrogatories would also be available.
6. An examination of Hydro One Distribution's CDM level by the Board is necessary if recent policy of the Government of Ontario is to be effective. Government statements emphasize a desire to maximize CDM and to have LDCs take the leadership role with respect to designing and delivering CDM. Such statements seem strongly applicable to Hydro One Distribution, the largest LDC in the province. Such government statements include:
 - a. in response to a question in the Legislature regarding the proposed *Green Energy Act*, the Premier recently stated that: "[w]e're going to do everything we can to create more opportunities for more Ontarians to keep that bill down and, ideally, ... get it even lower";
 - b. the Deputy Premier and Minister of Energy and Infrastructure also stated in an October 2008 speech that "[LDCs] enjoy a special, powerful relationship with ... electricity ratepayers. A relationship that dictates that LDCs be more clearly in the driver's seat when it comes to leading conservation and energy efficiency initiatives"; and
 - c. one of the Parliamentary Assistants to the Minister of Energy and Infrastructure recently stated in the Legislature regarding some of the provisions of the proposed

Green Energy Act that “we would establish mandatory electricity conservation targets for ... LDCs. If passed, the act would grant the minister the authority to issue directives [to the Board] to require targets be set, financial incentives be provided and accountability be required to encourage LDCs to design and deliver electricity conservation programs.”

7. It would seem contrary to these very recent government statements and to the statutory mandate of the Energy Board to have the CDM programme levels of Ontario's largest LDC pass completely unexamined by the Board.
8. Hydro One's 2009 CDM activities do not appear to have been approved by the Board as part of the 2008 rates case or elsewhere. In addition, there does not appear to be any other pending or future proceeding where Hydro One's 2009 CDM can be properly examined, particularly since Hydro One is not seeking additional or multi-year approvals for additional CDM funding.
9. Finally, although likely only relevant for CDM activities in 2010 or thereafter, Pollution Probe also notes that the OPA's IPSP appears to be further delayed until at least the summer of 2009 in light of the proposed *Green Energy Act*.
10. Pollution Probe thus respectfully submits that the interrogatories are relevant and the information is likely available, given that Hydro One provided answers to similar interrogatories as part of its 2008 rates case. Pollution Probe thus requests that the Board order that Hydro One provide full and adequate responses to its interrogatories, and that such responses be provided a reasonable time (specifically three days) before Pollution Probe is required to cross-examine on these issues to allow it to prepare an efficient cross-examination.

D. Statutory Instruments Relied On

11. Pollution Probe particularly relies on section 1 of the *Ontario Energy Board Act, 1998*, and Rule 29 of the *Ontario Energy Board Rules of Practices and Procedure*.

THE FOLLOWING DOCUMENTARY EVIDENCE will be used at the hearing of the motion:

1. Responses to Pollution Probe's Interrogatories (Ex. I, Tab 9, Sched. 1-7) [Motion Record, Tab 2];
2. Rules 28 and 29 of the *Ontario Energy Board Rules of Practice and Procedure* [Motion Record, Tab 3]; and
3. *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B, s. 1 [Motion Record, Tab 4];
4. Excerpt from Hydro One's Evidence regarding CDM (Ex. B1, Tab 3, Sched. 6, pg. 11) [Motion Record, Tab 5];
5. Excerpted Responses to Pollution Probe's Interrogatories in 2008 Rates Case (EB-2007-0681, Ex. H., Tab 2, Sched. 5-13 [Motion Record, Tab 6];
6. Excerpts from Hydro One's Evidence regarding CDM in 2008 Rates Case (EB-2007-0681, Ex. A, Tab 13, Sched. 1; Ex. A, Tab 14, Sched. 3, pg. 8-9; Ex. A, Tab 17, Sched. 1, pg. 1; Ex. H, Tab 1, Sched. 105, pgs. 4-6) [Motion Record, Tab 7];
7. Excerpt from Hansard on February 24, 2009 [Motion Record, Tab 8]; and
8. Affidavit of Kent Elson affirmed on March 17, 2009 and the exhibits attached thereto (copies of full speech by Minister, letter from OPA, and Toronto Star newspaper article) [Motion Record, Tab 9];

9. Further excerpt from Hansard on February 24, 2009 and excerpt from Bill 150 re: proposed addition of s. 27.2 to the *Ontario Energy Board Act, 1998* [Motion Record, Tab 10]; and
10. Such further materials as Pollution Probe may submit.

Date: March 17, 2009

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TO: HYDRO ONE NETWORKS INC.
per Procedural Order No. 1

AND TO: INTERVENORS

Filed: March 9, 2009
EB-2008-0187
Exhibit I
Tab 9
Schedule 1
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #1 List 1

Interrogatory

Please provide the following information with respect to each of Hydro One's CDM programmes in 2006, 2007, and 2008:

- a) forecasted and actual MWh savings;
- b) forecasted and actual MW savings;
- c) forecasted and actual TRC Test savings; and
- d) forecasted and actual budgets.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

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Pollution Probe (PP) INTERROGATORY #2 List 1

Interrogatory

Please provide the following information with respect to each of Hydro One's 2009 CDM programmes:
a) forecasted MWh savings;
b) forecasted MW savings;
c) forecasted TRC Test savings; and
d) forecasted budget.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

1 **Pollution Probe (PP) INTERROGATORY #3 List 1**

2
3 **Interrogatory**

4
5 Please state Hydro One's actual number of residential and small-business peakcover
6 participants as of December 31, 2008. For clarity, please provide separate numbers for
7 each group.

8
9
10 **Response**

11
12 Hydro One Distribution has not requested any funding for CDM programs in this
13 application and as such the information requested is not available in the context of this
14 application.
15

Pollution Probe (PP) INTERROGATORY #4 List 1

Interrogatory

Please provide Hydro One's forecasted number of new (i.e. additional) residential and small-business peaksaver participants in 2009. For clarity, please provide separate numbers for each group.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

Filed: March 9, 2009
EB-2008-0187
Exhibit I
Tab 9
Schedule 5
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #5 List 1

Interrogatory

Please provide Hydro One's best estimate of the total number of residential and small-business customers in its franchise areas that are eligible to participate in Hydro One's peaksaver programme. For clarity, please provide separate numbers for each group.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

Filed: March 9, 2009
EB-2008-0187
Exhibit I
Tab 9
Schedule 6
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #6 List 1

Interrogatory

- a) Please provide Hydro One's best estimate of the individual kW savings provided by Hydro One's average residential peaksaver participant and Hydro One's average small business peaksaver participant.
- b) Please also provide Hydro One's best estimate of the total MW savings provided by Hydro One's residential and small-business peakaver participants.

For clarity, please provide separate numbers for each group for both inquiries.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

Filed: March 9, 2009
EB-2008-0187
Exhibit I
Tab 9
Schedule 7
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #7 List 1

Interrogatory

Please describe Hydro One's planned activities in 2009 to increase the number of participants in its peaksaver programme.

Response

Hydro One Distribution has not requested any funding for CDM programs in this application and as such the information requested is not available in the context of this application.

ONTARIO ENERGY BOARD

Rules of Practice and Procedure (Revised November 16, 2006 and July 14, 2008)

28. Interrogatories

28.01 In any proceeding, the Board may establish an interrogatory procedure to:

- (a) clarify evidence filed by a party;
- (b) simplify the issues;
- (c) permit a full and satisfactory understanding of the matters to be considered; or
- (d) expedite the proceeding.

28.02 Interrogatories shall:

- (a) be directed to the party from whom the response is sought;
- (b) be numbered consecutively, or as otherwise directed by the Board, in respect of each item of information requested, and should contain a specific reference to the evidence;
- (c) be grouped together according to the issues to which they relate;
- (d) contain specific requests for clarification of a party's evidence, documents or other information in the possession of the party and relevant to the proceeding;
- (e) be filed and served as directed by the Board; and
- (f) set out the date on which they are filed and served.

29. Responses to Interrogatories

29.01 Subject to **Rule 29.02**, where interrogatories have been directed and served on a party, that party shall:

- (a) provide a full and adequate response to each interrogatory;
- (b) group the responses together according to the issue to which they relate;

ONTARIO ENERGY BOARD

Rules of Practice and Procedure (Revised November 16, 2006 and July 14, 2008)

- (c) repeat the question at the beginning of its response;
- (d) respond to each interrogatory on a separate page or pages;
- (e) number each response to correspond with each item of information requested or with the relevant exhibit or evidence;
- (f) specify the intended witness, witnesses or witness panel who prepared the response, if applicable;
- (g) file and serve the response as directed by the Board; and
- (h) set out the date on which the response is filed and served.

29.02 A party who is unable or unwilling to provide a full and adequate response to an interrogatory shall file and serve a response:

- (a) where the party contends that the interrogatory is not relevant, setting out specific reasons in support of that contention;
- (b) where the party contends that the information necessary to provide an answer is not available or cannot be provided with reasonable effort, setting out the reasons for the unavailability of such information, as well as any alternative available information in support of the response; or
- (c) otherwise explaining why such a response cannot be given.

A party may request that all or any part of a response to an interrogatory be held in confidence by the Board in accordance with **Rule 10**.

29.03 Where a party is not satisfied with the response provided, the party may bring a motion seeking direction from the Board.

29.04 Where a party fails to respond to an interrogatory made by Board staff, the matter may be referred to the Board.

30. Identification of Issues

30.01 The Board may identify issues that it will consider in a proceeding if, in the opinion of the Board:

Board objectives, electricity

1. (1) The Board, in carrying out its responsibilities under this or any other Act in relation to electricity, shall be guided by the following objectives:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry. 2004, c. 23, Sched. B, s. 1.

Facilitation of integrated power system plans

(2) In exercising its powers and performing its duties under this or any other Act in relation to electricity, the Board shall facilitate the implementation of all integrated power system plans approved under the *Electricity Act, 1998*. 2004, c. 23, Sched. B, s. 1.

Year-over-year spending has also been affected by increases in the cost of equipment. The estimated cost of replacing a mobile degassifier, for example, has risen from approximately \$0.9M to \$1.2M in the last year, an increase of 30%.

7.0 CONSERVATION AND DEMAND MANAGEMENT (CDM)

Hydro One Distribution supports the Ontario Government's CDM target to achieve a 1,350 MW of peak reduction by 2007 and a further reduction of 1,350 MW by 2010. Hydro One Distribution used the Board approved 3rd tranche funding to cover its customer and utility CDM programs for the 2004-2007 period. After the 3rd tranche funding, Hydro One is relying primarily on the CDM funding from OPA to fund its CDM initiatives. Hydro One Networks has participated in all core OPA programs since 2007, as well as with the delivery of custom programs starting in 2008.

In 2009 Hydro One Networks will initiate a new Internal Energy Efficiency program for 2009. This program will demonstrate leadership to customers, our stakeholders and shareholder. Prudent and cost-effective actions to increase the energy efficiency of Hydro One Networks facilities and its vehicle fleet will be undertaken, while instilling a conservation culture amongst Hydro One Networks employees. The capital funds for this program, as shown in Table 8, relate to the incremental cost to build new facilities to a higher standard of energy efficiency (LEED) standard.

Table 8
CDM 2008 – 2009 Allocated to Distribution (\$ Millions)

	Approved	Test
	2008	2009
Total Cost	0	0.6

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 5
Page 1 of 2

Pollution Probe (PP) INTERROGATORY #5 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

For each of Hydro One's 2005 CDM programmes, please state:

- a) its forecasted and actual savings (MW and MWh); and
- b) its forecasted and actual budget.

Response

a) and b) For 2005, HONI spent \$4M of rate funded (MARR) CDM.

Since there was no regulatory requirement for forecasted information, annual forecasted savings and annual forecasted budgets were not developed. Instead of managing by year, HONI managed by program and targeted keeping within the approved 3rd tranche of the MARR total funding envelope. The actual savings (MW and MWh) and the actual expenditures for Hydro One's 2005 CDM programmes are shown below (for more details, refer to Figure 1 on page 5 of the 2005 CDM Annual Report filed with the OEB on March 31, 2006 available online at <http://www.oeb.gov.on.ca/documents/cases/RP-2004-0203/annualreports/h1Network.pdf>).

Filed: April 4, 2008
 EB-2007-0681
 Exhibit H
 Tab 2
 Schedule 5
 Page 2 of 2

Figure 1

PROGRAM	3 YEAR BUDGET (\$K)	SPENDING TO DEC 2005 (\$K)	ANNUAL SAVINGS KW	ANNUAL SAVINGS kWh	LIFECYCLE SAVINGS kWh	LIFECYCLE \$/kWh
Residential						
Smart Meters	7,800	519				
Real Time Monitoring Pilot	425	467	38	401,482	2,007,410	0.23
Real Time Monitoring Program	1,400					
Mass Market Coupon Initiative	1,500	277	285	7,261,874	70,142,678	0.004
LED	430	171		219,079	6,572,370	0.026
Low Income/Social Housing	5,000	46				
Load Control Pilot	1,220	783	358			
Load Control Program	3,500	0				
Energy Audits/Analysis	230	0				
Total	21,505	2,263	681	7,882,435	78,722,458	0.012
Commercial/Industrial, Farm, MUSH						
Interim Time of Use	475	238				
C/I MUSH Conservation	600	261				
C/I & Farm Load Control	3,500	0				
Farm Energy Efficiency	750	110				
Total	5,325	609	0	0	0	0
Common						
Distribution Loss Reduction	8,000	0				
Program Management and Research	3,700	804				
Communication and Education	1,000	305		286,578	1,146,312	0.266
Carrying Charge		25		n/a		
Total	12,700	1,134	0	286,578	1,146,312	0
Grand Total	39,530	4,006	681	8,169,013	79,868,770	0.021

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 6
Page 1 of 2

Pollution Probe (PP) INTERROGATORY #6 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1-page 8

For each of Hydro One's 2006 CDM programmes, please state:

- a) its forecasted and actual savings (MW and MWh); and
- b) its forecasted and actual budget.

Response

a) and b) For 2006, HONI spent \$16.4M of rate funded (MARR) CDM (which is the Life to Date (LTD) spending for 2006 of \$20.4M from Figure 1 below less the \$4.0M shown in the response to Exhibit H, Tab 2, Schedule 5).

Since there was no regulatory requirement for forecasted information, annual forecasted savings and annual forecasted budgets were not developed. Instead of managing by year, HONI managed by program and targeted keeping within the approved 3rd tranche of the MARR total funding envelope. The actual savings (MW and MWh) and the actual expenditures for Hydro One's 2006 CDM programmes are shown below (for more details, refer to Figure 1 on page 5 of the 2006 CDM Annual Report filed with the OEB on April 2, 2007 available online at <http://www.oeb.gov.on.ca/documents/cases/RP-2004-0203/2006-annualreports/hydroonenetwork.pdf>).

Filed: April 4, 2008
 EB-2007-0681
 Exhibit H
 Tab 2
 Schedule 6
 Page 2 of 2

Figure 1

PROGRAM	3 YEAR BUDGET (\$K)*	LTD SPENDING TO DEC 2006 (\$K)	Cumulative SAVINGS KW**	Cumulative ANNUAL SAVINGS KWh**	Cumulative LIFECYCLE SAVINGS kWh
Residential					
Smart Meters	7,800	7,800	-	-	-
Real Time Monitoring Pilot	425	466	38	401,482	2,007,410
Real Time Monitoring Program	4,075	3,242	3,357	14,809,145	74,047,076
Mass Markets	1,870	1,382	4,671	81,724,679	526,034,109
LED	380	296	-	546,454	16,393,624
Low Income/Social Housing	4,400	497	6	294,078	5,263,750
Load Control Pilot	710	710	358	-	-
Load Control Program	3,500	2,117	2,169	806,435	8,780,648
Total	23,160	16,510	10,599	98,582,273	632,526,617
Commercial/Industrial, Farm, MUSH					
Interim Time of Use	920	632	-	-	-
C/I MUSH Conservation	600	240	21	185,396	1,870,103
C/I & Farm Load Control	3,500	2	-	-	-
Farm Energy Efficiency	750	114	9	64,000	408,009
Total	5,770	988	30	249,396	2,278,112
Common					
Distribution Loss Reduction	7,200	877	-	-	-
Program Management and Research	2,600	1,576	-	-	-
Communication and Education	800	463	-	286,578	1,146,312
Carrying Charge	-	25	-	-	-
Total	10,600	2,941	-	286,578	1,146,312
Grand Total	39,530	20,438	10,629	99,118,247	635,951,041

*Note: The budget has been reallocated from approved plan and the reallocations are within the 20% flexibility allowed by the Board. The new allocation has already been provided to the Board in the 2006 Q4 report.

**Cumulative annual and lifecycle KW and KWh savings are reported as per calculations in Appendices B.

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 7
Page 1 of 2

Pollution Probe (PP) INTERROGATORY #7 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

For each of the Hydro One's 2007 CDM programmes, please state:

- a) its forecasted and actual savings (MW and MWh); and
- b) its forecasted and actual budget.

Response

a) and b) For 2007, HONI spent \$17.8M of rate funded (MARR) CDM (which is the Life to Date (LTD) spending for 2007 of \$38.2M from Figure 1 shown in the response to Exhibit H, Tab 2, Schedule 7 of \$20.4M). In 2007, HONI also spent \$7.6M of rate funded (Global Adjustment Mechanism) CDM delivering core programs under contract with OPA.

Since there was no regulatory requirement for forecasted information, annual forecasted savings and annual forecasted budgets were not developed. Instead of managing by year, HONI managed by program and targeted keeping within the approved 3rd tranche of the MARR funding envelope. The actual savings (MW and MWh) and the actual expenditures for Hydro One's 2007 CDM programmes are shown below. Hydro One's 2007 CDM Annual Report is provided as an Attachment A to this response.

Filed: April, 4, 2008
 EB-2007-0681
 Exhibit H
 Tab 2
 Schedule 7
 Page 2 of 2

MARR Funded programs

Figure 1

PROGRAM	3 YEAR BUDGET (\$K)*	LTD SPENDING TO DEC 2007 (\$K)	Cumulative SAVINGS KW**	Cumulative ANNUAL SAVINGS kWh**	Cumulative LIFECYCLE SAVINGS kWh
Residential					
Smart Meters	7,800	7,800	-	-	-
Real Time Monitoring Pilot	470	466	38	401,482	2,007,410
Real Time Monitoring Program	5,085	5,082	4,767	22,946,131	114,732,007
Mass Markets	2,465	2,465	5,854	98,915,451	635,802,470
LED	430	424	-	546,454	16,393,624
Low Income/Social Housing	3,200	3,163	879	8,373,080	115,751,166
Load Control Pilot	710	710	358	-	-
Load Control Program	4,660	4,536	13,198	4,113,097	48,811,867
Energy Audit Analysis	215	213	-	-	-
Total	25,035	24,859	25,095	135,295,696	933,498,544
Commercial/Industrial, Farm, MUSH					
Interim Time of Use	1,130	997	-	-	-
C/I MUSH Conservation	1,040	948	2,011	14,503,166	210,511,025
C/I & Load Control	2,390	2,339	33,773	108,854,220	108,898,068
Farm Energy Efficiency & Farm Load control	510	458	349	1,970,695	17,454,329
Total	5,070	4,742	36,132	125,328,081	336,863,422
Common					
Distribution Loss Reduction	6,175	5,399	2,362	7,207,655	144,153,108
Program Management and Research	2,500	2,425	43	396,185	3,248,037
Communication and Education	765	744	140	3,649,933	30,145,133
Carrying Charge	-	25	-	-	-
Total	9,440	8,593	2,545	11,253,773	177,546,278
Grand Total	39,545	38,194	63,771	271,877,550	1,447,908,244

Note: *The budget has been reallocated from approved plan and the reallocations are within the 20% flexibility allowed by the Board.

** Cumulative annual and lifecycle KW and KWh savings are reported as per calculations in Appendices B.

In addition to its MARR funded programs, in 2007 Hydro One delivered the four OPA core LDC programs.

YEAR 2007 - OPA programs	Initial estimate of spending for 2007 Program Schedules ^{1,2}	ACTUAL SPENDING TO DEC 2007 (\$) ²
SummerSavings	\$ 6,000,000	\$ 4,683,915
Electricity Retrofit Incentive Program (ERIP)	\$ 875,000	\$ 119,471
Great Refrigerator Roundup	\$ 675,000	\$ 69,937
PeakSaver	\$ 3,500,000	\$ 2,690,556
TOTAL	\$ 11,050,000	\$ 7,563,879

¹ Funding for the 2007 Program Schedules has been extended into 2008

² Forecast and actual spending include payment of incentives to customers for SummerSavings, ERIP and PeakSaver.

ERIP incentives will be paid throughout 2008, as projects are completed

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 8
Page 1 of 2

Pollution Probe (PP) INTERROGATORY #8 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

For each of Hydro One's 2008 CDM programmes, please state its forecasted savings (MWh and MW) and its forecasted budget.

Response

For 2008, HON has CDM budgets established through rate MARR funding until April 2008, through Global Adjustment Mechanism funded by OPA and through non rate sources provided by the Ministry of Energy. There are also some costs associated with on-going administration of the CDM work, which are included as part of the 2008 rates application. The HON level of CDM spending for 2008 is currently being negotiated with OPA, and is expected to approach or exceed the level of HON spend in 2007.

Hydro One has approximately \$1.4 million worth of expenditures planned for 2008 related to completing programs initiated under MARR funding through to April 30, 2008.

At the time of filing this interrogatory, Hydro One has also made application to OPA for over \$11M of CDM program spend to be funded by the Global Adjustment Mechanism, and has additional program applications under development expecting approval from the OPA.

In addition to completing its MARR programs, Hydro One is jointly delivering a pilot, with Enersource Mississauga called Powerhouse. This pilot program provides zero interest financing for residential renewable technologies with funds provided by the Ministry of Energy.

Please see the following table for further details of 2008 CDM program spending.

Filed: April 4, 2008
 EB-2007-0681
 Exhibit H
 Tab 2
 Schedule 8
 Page 2 of 2

Program	2008 Forecast			
	Budget	kW Savings	kWh Savings	Target Units
MARR Funded Programs				
Distribution Loss Reduction	\$ 800,000			
Time of Use Pilot	\$ 130,000			
C/I, Mush Conservation	\$ 90,000			
C/I and Load Control	\$ 50,000			
Program Management and Research	\$ 80,000			
Low Income	\$ 50,000			
Residential Load Control	\$ 130,000			
Miscellaneous	\$ 25,000			
Rate Funded Administration of CDM work				
Maintenance of MARR Funded Programs and Minimum Capability	\$ 1,000,000			
OPA Core Programs				
Great Refrigerator Roundup	\$ 650,000			20,300
Electricity Retrofit Incentive Program	\$ 2,200,000			145
Peaksaver	\$ 8,500,000			14,900
Summer Sweepstakes	Program details not yet available.			
Small Commercial Direct Install	Program details not yet available.			
OPA Custom Program Applications				
Double Return	Under development			
Arena Retrofit	Under development			
Compressed Air	Under development			
In Home Display	Under development			
First Nations Retrofit	Under development			
Low Income Retrofit	Under development			
Ministry of Energy Funding				
Powerhouse	\$ 500,000			

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 9
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #9 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

Please state the number of Hydro One's customers who have enrolled their central air conditioners in Hydro One's PeakSaver programme as of December 31, 2007.

Response

As of December 31, 2007 a total of 19,000 Hydro One customers had enrolled in air conditioner load control under various programs and funding. Hydro One also assisted 6 other LDCs with their enrolments, and by December 31, 2007 these additional enrolments totalled 2,000.

Hydro One completed installations for 10,000 enrolled customers by June 15, 2007 under its Smartstat program funded through MARR. An additional 4,634 installations were completed by December 31, 2007 under the Peaksaver program funded by the OPA. The total number of installations is currently in excess of 15,000.

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 10
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #10 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

Please state each individual day in 2007 that Hydro One activated its PeakSaver load control system. For each of these days, please also state the demand reductions (MW) that Hydro One obtained.

Response

Hydro One completed 10,000 load control installations by June 15, 2007 under the Smartstat program funded by Hydro One MARR funds. Two load control events were initiated in the summer of 2007; one event on July 26 and another one August 2. These events took place on the hottest days of the summer in response to IESO public appeal to reduce peak load. Each event was initiated at 2:00 pm, for 4 hours, controlling both air conditioning and water heaters. The combined impact of these 10,000 installations was in the range of 10-13MW for each event.

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 11
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #11 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

Please state the number of homes and small businesses that have central air conditioners eligible to enroll in Hydro One's PeakSaver programme in Hydro One's franchise areas.

Response

Hydro One estimates that there are approximately 500,000 residential and small commercial customers with central AC in Hydro One territory. However, Peaksaver is offered in the southern part of Ontario only (in summer peaking regions), where Hydro One estimates that there are approximately 470,000 eligible customers.

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 12
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #12 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

Please state Hydro One' forecasted number of PeakSaver customers by:

- a) June 1, 2008; and
- b) December 31, 2008.

Response

Hydro One completed 10,000 load control installations by June 15, 2007 under Smartstat program. We expect to complete an additional 9,000 units by June 1, 2008 under the Peaksaver program, and another 8,000 installations by December 31, 2008. The two programs together (MARR funded and Global Adjustment Mechanism funded) will have a total of 27,000 participants by December 31.

Hydro One is also an aggregator for 6 LDCs that are expected to complete 9,000 installations by December 31, 2008.

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 2
Schedule 13
Page 1 of 1

Pollution Probe (PP) INTERROGATORY #13 List 1

Interrogatory

Issue Number: 3.10

Issue: Is the level of H1 initiated and or delivered CDM activity and budget appropriate and should it be funded by OPA or in rates?

Ref. A/Tab 13/Sch 1- page 8

Please state Hydro One's forecasted demand response resources (MW) by:

- a) June 1, 2008; and
- b) December 31, 2008.

Response

- a) and b) Hydro One expects to have up to 30 MW of residential demand response under its control by June 2008, and 45 MW by December 31, 2008.

The Smartstat Program, funded by Hydro One, with 10,000 participants, provides 10-13MW of load control capacity. Peaksaver is expected to provide another 9,000 installations representing 9-11MW of load control capacity by June 1, 2008 and another 8,000 installations (8-10MW) by December 31, 2008.

Hydro One is also managing the Peaksaver program for 6 other LDCs as an aggregator, expecting 5,000 installations (5-6 MW capacity) by June 1, 2008, and an additional 4,000 units (4-5 MW) by December 31, 2008.

In addition to the residential sector, HON is proposing a Commercial and Industrial demand response program, Double Return, but this has not yet received approved funding from the OPA.

Filed: August 15, 2007

EB-2007-0681 //

Exhibit A

Tab 13

Schedule 1

Page 8 of 11

1 **6.0 CONSERVATION AND DEMAND MANAGEMENT** //

2
3 The CDM program which Hydro One developed to utilize its Market Adjusted Rate of
4 Return (MARR) funding will be substantially complete by the deadline of September 30,
5 2007. However, on May 22, 2007, Hydro One obtained an extension through April 30,
6 2008 and will dedicate the additional time to the completion of its Low Income/Social
7 Housing program and also to complete the work on its Distribution Loss Reduction
8 program.

9
10 Hydro One has participated in all four of the OPA sponsored CDM initiatives: Summer
11 Savings; Residential and Small Commercial Demand Response; Business Incentive
12 Program; and the Great Refrigerator Roundup. Hydro One intends to continue
13 participating in future OPA-administered CDM programs and will look for opportunities
14 to expand those programs, as appropriate, including possibly extending relevant programs
15 to Transmission customers. Hydro One is also actively involved in implementing in-
16 house power cost monitoring devices and a "Double Returns" program, which was in
17 place last Winter and will be adopted for Summer 2007. Initial feedback from these
18 programs shows they were successful, and Hydro One will consider extending these
19 programs into future year, as appropriate. Funding for these initiatives will be recovered
20 through the OPA and is not included in revenue requirement requested in this
21 Application.

22
23 **7.0 BILL 198 – INTERNAL CONTROLS, DECEMBER 9, 2002**

24
25 Bill 198 requires that the controls that oversee the processes and systems that impact how
26 the company initiates, records, processes, and reports transactions in significant
27 accounts must be documented and evaluated on an annual basis. The Ontario Securities
28 Commission (OSC) responded to Bill 198 with new Multilateral Instruments (MI) that
29 govern internal controls. These require the CEO and CFO of Hydro One Inc. (as a public

Updated: April 7, 2008
 EB-2007-0681
 Exhibit A
 Tab 14
 Schedule 3
 Page 8 of 37

2.6 Conservation and Demand Management

Hydro One Distribution supports the Ontario Government's conservation and demand management (CDM) target to achieve a 1,350 MW of peak reduction by 2007 and a further reduction of 1,350 MW by 2010. Hydro One Distribution used the Board approved 3rd tranche funding of \$39.5 million to cover its CDM programs for the 2004-2007 period. After the 3rd tranche funding, Hydro One will rely on the CDM funding from OPA to fund its CDM initiatives in 2008 and beyond.

Table 2 summarizes the cumulative CDM impact since 2004 assumed in Hydro One's distribution system load forecast for 2006, 2007 and 2008. The CDM impact includes programs undertaken by Hydro One Networks and programs implemented by other agencies such as federal and provincial governments, OPA and IESO. Hydro One Distribution's 2007 CDM impact is the same as the 2007 CDM impact approved by the Board for Hydro One's Transmission Rate case (EB-2006-0501) issued on August 16, 2007. A 350 MW reduction to the 2007 provincial CDM target of 1350 MW was made to account for the impact of natural conservation. The 2008 CDM impact is consistent with the OPA's IPSP filed with the Board on August 29, 2007.

Table 2

CDM Impact on Hydro One Distribution Load
(GWh)

Year	Hydro One Retail	Embedded Direct and LDC Customers	Total
2006	194	151	345
2007	311	242	554
2008	437	333	770

1 CDM programs that have been undertaken in the past two years or are in the process of
2 being initiated include the following initiatives:

- 3
- 4 • improved building codes for new housing and more stringent efficiency standards
5 for appliances;
- 6 • conservation programs to encourage more efficient use of lighting and appliances;
- 7 • demand response programs to reduce air conditioning and water heating load in the
8 summer months;
- 9 • use of smart metering and TOU rates to encourage consumers to shift consumption
10 patterns to off-peak period; and
- 11 • programs to increase supply or reduce demand such as fuel switching, using back-
12 up generation or requesting large industrial customers to reduce consumption on a
13 temporary basis.
- 14

15 The 2006 annual report filed by Hydro One Distribution on CDM (RP-2004-0203/EB-
16 2005-0198) includes detailed program impacts on a bottom-up basis.

17
18 Hydro One Distribution does not currently have the data required to do a bottom-up
19 analysis of the CDM impact on Hydro One's load forecast from the various CDM
20 programs driven by various sources such as the Ontario Power Authority, Provincial
21 Government and Federal Government.

22 23 **2.7 Customer Forecast**

24

25 In 2007 Hydro One Distribution is expected to serve about 1.17 million customers
26 through its distribution system. Detailed customer information is retained in the
27 Customer Settlement System (CSS) for billing and account management. Customer data
28 are extracted from CSS regularly for tracking, analysis and reporting. Customer forecast

Filed: August 15, 2007
 EB-2007-0681
 Exhibit A
 Tab 17
 Schedule 1
 Page 1 of 5

SUMMARY OF BOARD DIRECTIVES AND UNDERTAKINGS FROM PREVIOUS PROCEEDINGS

This exhibit identifies Board directives to Hydro One Distribution from its previous rates proceedings. Table 1 lists the directives and indicates the Exhibit number in this application in which the evidence responds to the Board directives, or provides the response itself.

Table 1
Directives from Proceeding RP-2005-0020/EB-2005-0378 (2006 Distribution Rates)

Item #	Issue	Summary of Directive	Reference Exhibit
(i)	CDM	The Board expects Hydro One to provide a more sound analysis of CDM program details and reduction objectives in future applications. (2.3.9)	Exhibit A, Tab 14, Schedule 3, Section 2.6
		Response Note - Hydro One will take guidance on planned reductions and funding from OPA based programs.	
		The Board expects Hydro One to present future CDM load reduction forecasts with a bottom-up analysis estimating the expected results of their CDM activities and those of others that affect their loads. The Board expects Hydro One's next CDM load reduction forecast, of this order of magnitude, to include a proposal for an LRAM. (2.3.13)	Exhibit A, Tab 14, Schedule 3, Section 4.0
		Response Note - Hydro One has concerns with the practical difficulties and related accuracy of determining the actual amount of CDM savings achieved by its customers in a given year, through the implementation of CDM initiatives from various sources such as the Ontario Power Authority, Provincial Government and Federal Government. Hydro One believes it is prudent to wait for the OPA to develop Measurement and Verification programs for determining actual CDM achievements and as such is not proposing or requesting an LRAM at this time.	

Filed: April 4, 2008
 EB-2007-0681
 Exhibit H
 Tab 1
 Schedule 105
 Page 4 of 36

Table 3: Hydro One Distribution Forecast Accuracy for 2007

	Forecast (GWh)	Energy Purchases	Difference (%)
		Actual (GWh)	
Retail Customers	22,944	22,966	0.09%
Embedded LDCs & Directs	17,548	17,562	0.08%
Total	40,493	40,529	0.09%

Note: All figures are weather-normal

2.0 CDM Programs Initiated by Hydro One Distribution

In 2005, Hydro One Distribution received approval from the Board for the \$39.5 million CDM Plan covering the 2005-2007 period. After the 3rd tranche funding, Hydro One Distribution intends to rely on the OPA managed funds from the Global Adjustment Mechanism for its CDM initiatives in 2008 and beyond.

The net load impact analysis of CDM programs initiated by Hydro One Distribution is summarized below in Table 4 (please refer to Appendix B for more details). These results are based on the annual CDM reports submitted by Hydro One Distribution to the Board. Since the 2008 CDM programs are not yet finalized, the information presented for 2008 in Appendix B is also preliminary.

Table 4: Net Load Impact of CDM Programs Initiated by Hydro One

Year	Annual Peak Savings (MW)	Annual Energy Savings (GWh)	Cumulative Energy Savings (GWh)
2005	0.6	8	8
2006	9.9	91	99
2007	53	75	174

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 1
Schedule 105
Page 5 of 36

3.0 CDM Programs Initiated by Other Agencies

In addition to CDM programs offered by Hydro One Distribution, there are many programs offered by other agencies such as the OPA and federal and provincial governments. The CDM programs initiated by these agencies will have an impact on Hydro One Distribution load. The following sections provide a brief discussion of these programs. More details are provided in Appendices C, D and E.

CDM Programs Initiated by OPA

The OPA is responsible for meeting the CDM targets set by the Ontario Government. Since 2006, the OPA has funded a number of conservation pilots and province-wide programs. The impact of the OPA programs on Hydro One Distribution retail customers is estimated to be about 4 GWh in 2006 and about 88 GWh in 2007. Details of the OPA program savings and the impact on Hydro One Distribution load are presented in Appendix C.

CDM Programs Initiated by Federal and Provincial Governments

Natural Resources Canada (NRCan) is the lead federal department delivering energy efficiency programs for the country. Aside from setting the overall energy policy, the department spends approximately \$220M per year on energy efficiency programs of various types. The Government of Ontario also implements a number of CDM programs, such as in-house efficiency and CDM programs for the MUSH sector. In 2006, there were approximately 22 federal and provincial government-initiated CDM programs in Ontario, with an estimated impact of 85 MW and 392 GWh. The estimated impact of these programs on Hydro One Distribution retail customers is estimated to be about 44 GWh in 2006. Details of programs can be found in Appendix D.

CDM Programs Initiated by Other Agencies

Over the past few years, various associations and communities in Ontario have also offered pilot projects and educational information. Quantitative results of these CDM

Filed: April 4, 2008
EB-2007-0681
Exhibit H
Tab 1
Schedule 105
Page 6 of 36

activities are not readily available; however, it is reasonable to expect that there will be spill-over effects on Hydro One Distribution retail customers. A sample list of these programs is presented in Appendix E.

4.0 Conservation Actions Initiated by Customers

CDM programs initiated by Hydro One Distribution, OPA and other federal and provincial governments are mostly program-specific and as such the program results are tracked and measured. Conservation actions initiated by customers on their own are difficult to measure because there are no specific evaluations to capture these impacts. For example, it is very difficult to measure the “cultural change” associated with the CDM education and communication materials circulated by Hydro One Distribution to its retail customers (see Appendix F for details).

Hydro One Distribution undertook a special study to measure the net load impact of conservation actions initiated by our customers on their own. The results of the special study show at least 99 GWh of savings in 2006 can be attributed to the conservation actions from our retail customers (see Appendix G for details).

A special CDM survey was also launched by Hydro One Distribution to confirm what conservation actions our customers have undertaken since 2004. Of the 4,437 customers who received the e-mail survey, 1,741 customers (39.2%) responded. Detailed analysis of the survey results can be found in Appendix H. Based on the survey responses, it is clear that Hydro One Distribution retail customers have responded to the conservation challenge, have participated in CDM programs offered by Hydro One Distribution, the OPA and other government agencies and have taken various conservation actions on their own to save electricity.



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Mardi 24 février 2009

Speaker
Honourable Steve Peters

Président
L'honorable Steve Peters

Clerk
Deborah Deller

Greffière
Deborah Deller

force is working in precarious employment, you know it touches everyone. This bill will not help my mother-in-law. This bill will not help other workers like her until 2012. This is another classic government move, isn't it? "We'll do it after the next election." MPAC overhaul: "We'll do it after the next election; we'll freeze property taxes now." "We'll do it after the next election," closing the coal-fired plants. Here's another instance of that. "We'll do it after the next election," cover health care workers, community care access workers under this bill.

I know a woman in my riding who worked many years, always on temporary assignments, made minimum wage at all of them. She would come home, feed her children, get them doing their homework, put them to bed and then go out and work for another temporary industry, and that is the cleaning company contractors. She would go out and work at night cleaning buildings as an independent contractor, so-called—of course she wasn't; she was a temporary applicant, not covered by Bill 139—to clean companies and then work through another temporary agency during the day. At the end of all this outrageous labour, at the end of a week, she was also one of the ones who I handed a free turkey to at the food bank just before Christmas because she didn't have enough money, even with those two jobs, as a single parent to really make ends meet. She said to me, "You know, really, at the end of the day, after deductions, I would have more time with my children and they would have a better quality of life if I were on social assistance." Quite frankly, I couldn't argue with her. She was right. She might clear a little less on social assistance, but then she wouldn't have to do back-breaking labour for 10, 12 hours a day, and she would have more time with her children and she wouldn't have to find neighbours to look after them, pay other people etc. and the cost associated with getting to work, transportation etc. I mean, she's not alone. Even middle-class women find themselves in this position because of the lack of dignity of work. Even middle-class women find themselves unable to really work with any sense of fair play because of the expenses associated with working.

I see that the hour is drawing nigh. I know I still have about five minutes left and I will save my five minutes for tomorrow to continue on speaking about this bill and to summarize exactly what I've been saying. Suffice it to say, we need to keep in mind, when dealing with Bill 139, what it doesn't do. It doesn't give equal pay for equal work. It doesn't give a living minimum wage. It doesn't extend the right to organize in labour for a vast majority of Ontarians. It doesn't put a limit on the length of time that people work temporarily before they must be hired full-time. It doesn't do that. Most importantly, it doesn't affect the client companies that the temporary agencies deal with, that are the source of the problem. Thank you.

Second reading debate deemed adjourned.

The Acting Speaker (Mr. Ted Arnott): Thank you. This House stands in recess until 10:30, later on this morning.

The House recessed from 1016 to 1030.

INTRODUCTION OF VISITORS

Mr. Wayne Arthurs: I'd like to introduce some family and friends of page Patrick Mott. This morning in the gallery are his mother, Ruth Anne Mott; his father, Robert Mott; an aunt, Jeananne Ralph; an uncle, Dave Mott; a cousin, Roberta Jagoe; his great-aunt, Alice O'Neill; a cousin, Shelagh O'Neill; and a friend, Kathleen Maley. They're here this morning, and we'd like to welcome them.

ORAL QUESTIONS

ENERGY RATES

Mr. John Yakabuski: My question is for the Premier. The proposed Green Energy Act raises an alarming number of questions. During these times of economic downturn, when everyone is counting their pennies, Ontarians want to know how much more they're going to have to pay to heat their homes and keep the lights on under this new legislation. Can you tell us that, Premier?

Hon. Dalton McGuinty: I'm very pleased to take this question and I'm very much looking forward to having the opportunity to hear debates in this Legislature and to create opportunities for the public to speak to this as well.

We are very pleased and proud to be able to introduce the bill, as we did yesterday. It is going to enable us to create new, clean, green jobs, it's going to enable us to generate clean, green electricity and it's going to enable more of us to do our part in the fight against climate change. So I really think it is the sweet spot of sweet spots.

The price of electricity from wind is higher than it is from dirty coal. The price of electricity from the sun, harnessing that power, is more expensive than dirty, fired coal. Those are true. But on the other side, there's also a very important aspect to our new legislation, which is going to ensure that we have more energy conservation to keep our bills down.

The Speaker (Hon. Steve Peters): Supplementary?

Mr. John Yakabuski: I didn't get the answer there. Yesterday, the Minister of Energy indicated that there would essentially be no increase as a result of this bill. He said, "One per cent per year for the next three years." If the minister thinks he can fool Ontarians with this sleight of hand, he's dead wrong. Yesterday he said there would be an initial increased investment of \$5 billion. When that amount is paid—and that's just for the transmission upgrades they're talking about—by 4.2 million electricity consumers, that calculates out to an extra \$1,200 per customer. Spread out over three years, that's a 30% increase, Minister, not a 1% increase.

Premier, explain to this House how you can promise a 1% increase by your own figures when the increase to consumers will be at least 30%.

Hon. Dalton McGuinty: My honourable colleague is engaging in all kinds of speculation. I'll tell you where //

he's on to something. My honourable colleague has said that he and his wife, along with their children, embarked on a program to conserve energy in their own home. They reduced the usage in their home by 40%. I want to commend him for that.

What we need to do and what we will continue to do is find more ways for more Ontarians, whether inside our schools, our hospitals, our industries or our homes, to use less electricity. At the end of the day, what is really important to Ontarians is their bill. We're going to do everything we can to create more opportunities for more Ontarians to keep that bill down and, ideally, like my honourable colleague, get it even lower.

The Speaker (Hon. Steve Peters): Final supplementary?

Mr. John Yakabuski: I accept your unsolicited compliments. What I'd really like are some clear answers.

Ontarians were not fooled when Stéphane Dion tried to tell them that his Green Shift plan wasn't going to cost them a thing, and they're not going to be fooled by your plan. Yesterday, the minister held up Germany as a model. Well, the price of electricity in Germany is north of 22 cents a kilowatt hour. That's at least three times, three and a half times, the rate of electricity here, Mr. Premier. How can you stand there and tell Ontarians that their energy bills are not going to go up by more than a single percentage point per year? In fact, they're going through the roof. That's what's going to happen. It's time that you came clean.

Hon. Dalton McGuinty: I gather from this line of questioning—I hope this is not true, but notwithstanding the international praise that this bill has already garnered, and the fact that it's going to create some 50,000 jobs and is going to ensure that we can have energy conservation proceed in a very aggressive way, it would appear that the regressive Conservative Party is not standing ready to support this bill. That is unfortunate.

The point I want to make is that there's a difference between our electricity rates and our electricity bills. It's interesting that my honourable colleague talked about electricity rates in Germany, but he didn't talk about their home electricity bills. I think if he checks their home electricity bills and the way they practise energy conservation, then we'll have something that we can honestly compare between their bills and our bills.

ENERGY RATES

Mr. John Yakabuski: I don't think everybody's packing up and leaving for Germany, Mr. Premier.

Nobody is buying your argument about the balance and the costs. After Ontarians are done paying for skyrocketing energy costs they won't have the money to pay for anything else, especially that refrigerator you've been telling them to buy. Just like your federal Liberal colleague Stéphane Dion, you're not being straight with Ontarians who are worried about paying their mortgages and hanging on to their jobs. Will you have the decency to lay out the real facts and tell Ontarians that, when they can least afford it, this bill is going to mean significantly

higher energy costs for homeowners and consumers in this province? Will you come straight, Mr. Premier?

Hon. Dalton McGuinty: To the Minister of Energy and Infrastructure.

Hon. George Smitherman: I do want to thank the honourable member for his question and I do want to thank him as well for his comments in the Legislature yesterday, when he gave very strong evidence for the opportunity that individuals have in their own homes to impact the amount of energy that they use. I think that's what the Green Energy Act is all about: the opportunity for us to engage individually in activities that help to lessen our impact on the climate and to have the opportunity to create a green economy at the same time.

I think it is very important to note that when you make an investment, a necessary investment, as an example, in transmission capability—I spoke yesterday of a \$5-billion incremental investment—this is about an investment in a piece of infrastructure that doesn't last for just one year or two years. It's about investing in our fundamental infrastructure, which of course is paid off over a period of time. This is why we predict that the incremental costs associated with the Green Energy Act—

The Speaker (Hon. Steve Peters): Thank you. Supplementary?

Mr. John Yakabuski: We're going to hear that talking around the issue over and over and over again. But I'm going to make that point again, Mr. Premier: When people in this province are done paying for the things that they have no choice in paying—their mortgages, their food, their housing, their clothing and the electricity under this government—they're not going to have much left for anything else. They do need to know, going forward, what electricity is going to cost, not some vague thoughts about how we're going to do this or that. They need to know what the cost of electricity is going to be in the province of Ontario for consumers, for families, seniors, low-income people; people like that who can hardly afford the electricity bills they're paying now. What is it going to mean to them going forward?

Hon. George Smitherman: Ontarians aren't going to get very much value from the conversation if the honourable member is not able to understand that investments in infrastructure, where the infrastructure lasts 40, 50, 60 or 70 years—if he tries to pretend that it's all about paying for those in the first and second year, if he doesn't understand the fundamental investment in infrastructure, then we're going to have a challenge. The investments in Ontario's infrastructure, to build more renewable capacity by investing in transmission and distributed generation, are going to cost 1% a year incremental on Ontario's hydro bills, but what they will provide is the opportunity for 50,000 new jobs in the green economy, and it will provide for Ontarians to use less electricity as individuals. The honourable member has given strong testimony to that ability by saying that he and his family reduced their own energy use by 40%.

1040

The Speaker (Hon. Steve Peters): Final supplementary?

EB-2008-0187

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c.15, Schedule B;

AND IN THE MATTER OF a review of an Application by
Hydro One Networks Inc. for an Order or Orders approving just
and reasonable rates and other charges for electricity distribution
to be effective May 1, 2009 (the "Hydro One 2009 Distribution
Rates Application").

AFFIDAVIT OF KENT ELSON
(Affidavit Supporting Pollution Probe Motion for
Full and Adequate Interrogatory Responses Regarding CDM)

I, **KENT ELSON**, of the City of Toronto in the Province of Ontario, student-at-law with
Klippensteins, Barristers and Solicitors, **AFFIRM:**


Background

1. I am a student-at-law with Klippensteins, Barristers and Solicitors, who is counsel for Pollution Probe in this proceeding. As such, I have personal knowledge of the matters discussed here except where I obtained information from other sources. In cases where I obtained information from other sources, I state the sources of such information, and I declare that I verily believe all such information to be true.
2. I swear this affidavit in support of the motion being brought by Pollution Probe for full and adequate interrogatory responses. I do not swear this affidavit for any improper purpose.

3. Attached as **Exhibit “A”** is a marked copy of the “Notes for remarks” by the Honourable George Smitherman, Deputy Premier and Minister of Energy and Infrastructure to the Canadian Club on October 31, 2008, as available on the website for the Ministry of Energy at
“<http://www.energy.gov.on.ca/index.cfm?fuseaction=about.speeches&speech=31102008>”.
4. Attached as **Exhibit “B”** is a marked copy of a letter dated March 12, 2009 from the Ontario Power Authority to the Ontario Energy Board, which is available online at http://www.powerauthority.on.ca/Storage/96/9159_OPA_Letter_EB-2007-0707_20090312.pdf.
5. Attached as **Exhibit “C”** is a marked copy of an article dated March 16, 2009 from the Toronto Star’s website as available at <http://www.thestar.com/printArticle/602770>.

Basil Alexander

))))))))


KENT ELSON



MINISTRY OF ENERGY AND INFRASTRUCTURE
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Minister's Speeches

Notes for remarks By

The Honourable George Smitherman, Deputy Premier, Minister of Energy and Infrastructure

**Canadian Club
 Toronto, Ontario**

October 31, 2008

Thank you Allan ... for the introduction and for the invitation to speak today.

The Canadian Club has a long and proud history as a forum for the most important and pressing issues of the day. I'm honoured to be here today.

Just two weeks ago, my cabinet colleague Dwight Duncan spoke here about the unprecedented challenges facing the global economy ... about Ontario's plan to lead ... and about how that plan will help Ontario adapt to this current turbulence and emerge stronger than ever.

In the fall economic statement, Minister Duncan talked about continuing to encourage long-term economic growth with strategic investments ... and by protecting key public services.

Of course, the way forward won't always be easy. But thanks to good policy and sound leadership, Ontario has a lot working in its favour.

As the Minister of Energy and Infrastructure, I think one of the best advantages we have is our unprecedented investment in infrastructure renewal, which when combined with the renaissance of our energy system offers a tsunami of investment opportunities.

Each of these comprehensive strategies will create home-grown jobs that stimulate local economies and allow us to plan confidently for tomorrow's challenges, rather than simply react to today's. Because when our underlying structures are sound, there are no heights we cannot reach.

And all across the landscape of my new Ministry, our investments in energy, in transit, in growth planning and in government buildings themselves are combining to lead the government's efforts to tackle climate change.

Subscribed and sworn to before me by A
 with Javit of Kent Elson
 sworn before me, this 17th
 day of March 2009
[Signature]
 A COMMISSIONER FOR TAKING AFFIDAVITS

Now, I became Minister of Energy and Infrastructure just four short months ago, and I've been hitting the books ever since. I don't pretend to have captured all of the knowledge that is advisable to have ... at least not yet ... but I have added considerably to my knowledge base.

One of the first things I did, on a challenge from Dr. David Suzuki, was to see with my own eyes the green energy efforts of world-leading jurisdictions like Denmark, Spain and Germany.

I saw some pretty amazing initiatives that are shrinking carbon footprints by creating clean, green power ... all the while stimulating green-sector economies with careers in research and development, and jobs in manufacturing, installation and retrofitting.

In Freiburg, Germany, I visited one neighbourhood where all the homes had solar panels on their roofs and great thinking in their design – that neighbourhood is a net supplier of energy.

I learned how Spain, which operates 15,000 MW of wind power, is now moving to compliment it with a similar dedication to solar power.

And, in Denmark, I visited a community of about 7,000 people that meets 100 per cent of its needs locally, from wind and combined heat-and-power projects fuelled by biomass, geothermal and energy from waste.

I learned about Germany and Spain's feed-in tariff system, an incentive structure that uses government policies and legislation tools to encourage national and regional utilities to adopt renewable energy. It has created a market for green energy ... and green jobs.

I'd say THE most important lesson is that through strong leadership ... and with a strong vision ... we can achieve multiple aims. That cleaner air need not come at the expense of economic activity as some would suspect – rather that the two are achieved hand in hand.

That's not to say we haven't taken the reins of strong, bold leadership already. We're making history on climate change by our determination to get off coal entirely.

Considering that last year 75 per cent of all electricity we used was from emission-free nuclear and large scale hydroelectric like Niagara Falls we have an enviable starting point. And we've made good progress at implementing renewables in place of coal through well received programs like RESOP and our renewable RFPs.

Still, from my European learnings I know we have plenty of room for improvement. You already know that I have initiated a review by the Ontario Power Authority of the province's Integrated Power System Plan. At the heart of that review lies these questions: "Have we created the conditions to maximize our full potential? Are our policies aligned with our ambitions for our economy and for our ecology?" And have we yet unlocked the model that will afford the First Nations and Métis community to participate fully?

I know we have done well. But I know we can do even better.

Our forthcoming policies will enhance certainty for investors and will streamline processes for the task at hand, which has been described as the greatest public policy challenge in

history.

With smart growth planning ... by investing strategically in infrastructure and in clean, green energy projects, we can grow liveable, sustainable communities with strong local economies and smaller carbon footprints. Good for all of us and good for Mother Earth.

Look how far we've come already since Premier McGuinty first laid down the challenge. In our pursuit to eliminate coal, we've cut this dirty electricity generation by one-third. By 2011, we'll have cut it by two-thirds. And by 2014, we'll be off coal altogether.

Here's how.

Just yesterday, I participated in the official opening of Canada's largest wind farm. The Melancthon EcoPower Centre near Shelburne isn't just 199.5 MW of fuelless power, it helped to vault us into first place among the provinces in installed wind capacity.

And by the end of the year, Ontario will have more than 950 megawatts of wind power online, nearly double what we had at the beginning of 2008.

That's success we can – and WILL – build on.

Our forthcoming policy and legislative alteration that I mentioned earlier are being designed to lead the way, to send a strong, confident message that Ontario is dedicated to best-in-class programs and best-in-class progress.

Now, I've talked a lot about our plan to bring on new, cleaner and greener forms of energy, about the economic and environmental advantages of relying more on forms of energy that do not have a fuel source.

But as good as a move to renewables is, the best power out there is in the hands and minds of 13 million Ontarians.

When I was in California, I learned how that state has achieved flat growth in their per capita energy use since the energy crisis in the 70s. I think that's a track record worth aspiring to.

Using less energy doesn't just reduce the carbon. It doesn't just reduce the bill. It also makes our province more productive so we have an economic advantage as well.

Conservation is the cheapest energy you can buy, and I'm bound and determined to buy LOTS of it. We've made great investments so far. For instance, smart meters are being installed in millions of homes across the province. These devices will empower Ontarians to see the price of electricity and, more importantly, to manage its use. Dozens of innovative programs have unlocked 1350 MW of savings so far but our ambitions go much further.

Already we are counting on conservation to absorb 75 per cent of all the demand growth going forward. The good news about conservation isn't limited to lower energy use however. Conservation initiatives are intense drivers of green-sector careers in research and development, energy efficient construction and retrofitting, and the home-grown jobs that will be created for manufacturers, assemblers and installers.

The progress we have made to date is due to the concerted conservation efforts across the board, from government and energy agency initiatives ... to industry and business efforts ...

to residential customers who understand that every kilowatt counts.

And independent voices have noticed. In August, the non-profit Canadian Energy Efficiency Alliance recognized our conservation efforts – an “A” grade on its annual report card, Ontario's highest mark ever.

But just because we are doing well doesn't mean we can't do better ... for the times dictate greater resolve than ever before.

We must raise the bar on how we measure conservation savings to ensure they are quantifiable and verifiable. And we must more clearly recognize that our Local Distribution Companies enjoy a special, powerful relationship with 4.8 million electricity ratepayers. A relationship that dictates that LDCs be more clearly in the driver's seat when it comes to leading conservation and energy efficiency initiatives.

Throughout history, leaders have seized opportunities in challenging times. Leaders set high standards ... and empower the right people and the right players to deliver.

Ontario and Ontarians have embarked on a truly historic journey, blazing a path to one of the greenest energy profiles to be found anywhere.

The leaders in earlier centuries and decades gave us Niagara Falls and nuclear power. And now the torch is passed to us, to build on this legacy:

1. To eliminate coal.
2. To enhance renewables.
3. To stimulate conservation.
4. And to collectively meet this test: “Will you leave the earth in better shape than when you found her?”

[Click here to return to list of available speeches.](#)

Last update: December 9, 2008

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Toronto, Ontario M5H 1T1
T 416-967-7474
F 416-967-1947
www.powerauthority.on.ca

March 12, 2009

**Ms. Kristen Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
P. O. Box 2319
Suite 2700
Toronto, Ontario
M4P 1E4**

This is Exhibit D referred to in the
affidavit of Kent Elson
sworn before me, this 17th
day of March 2009.
H. Cleaveland
A001030309ERPOSTING/090409

Dear Ms. Walli:

**Re: Ontario Power Authority (“OPA”) Application for Approval for the Integrated Power System Plan and Procurement Process
Ontario Energy Board (“OEB” or “Board”) File No. EB-2007-0707**

The OPA is writing to you with respect to the Integrated Power System Plan (the "IPSP" or "Plan") and the revisions to the Plan that the OPA was directed to undertake in the Minister's directive dated September 17, 2008. In this directive, the OPA was asked to consider:

- The amount and diversity of renewable energy sources in the supply mix;
- The improvement of transmission capacity in the 'orange zones' in northern Ontario and other parts of the province that is limiting the development of new renewable energy supply;
- The potential of existing coal-fired assets to be converted to biomass;
- The availability of distributed generation;
- The potential for pumped storage to contribute to the energy supply during peak times; and
- The viability of accelerating the achievement of stated conservation targets, including a review of the deployment and utilization of Smart Meters.

The OPA was also asked to undertake an enhanced process of consultation with First Nations and Métis communities and consider the principle of Aboriginal partnership opportunities in both generation and transmission.

The directive further stated that it was expected that the revised IPSP would be provided to the OEB by no later than six months from the date of the directive (March 17, 2009).

Subsequent to the issuance of the directive, the OEB decided on October 2, 2008 to not continue to hear witnesses until after the OPA filed its revised Plan. Further, the OEB ordered the OPA to provide a written update on its progress in revising the Plan by the end of November 2008. This update was provided in a letter dated November 28, 2008, in which the OPA concluded that:

The OPA intends to meet the Minister's expectations for filing the IPSP by March 17, 2009. The OPA also expects that the policy environment in which the revised IPSP is being prepared will continue to evolve over the next several months. The OPA will advise the Board of any changes with respect to its intentions for the revised IPSP.

As contemplated in that letter, there has been a significant evolution in the policy environment since the end of November. The OPA has been working to revise the Plan in light of the directive and this fast evolving policy environment. Further, the OPA has held several meetings with First Nations and Métis communities on the IPSP and partnership opportunities for Aboriginal communities in generation and transmission. In light of the recent introduction in the Legislature of the proposed *Green Energy and Green Economy Act, 2009* ("Bill 150") and the expressed desire of First Nations and Métis communities to have more time to provide their views, the OPA will be taking more time to respond to the September directive.

Bill 150 will, if passed by the Legislature, bring about far reaching changes in the energy sector and set a bold new direction for energy policy in the province. In order for the OPA's planning work to be relevant and useful, it must incorporate into its thinking the new policy direction that is embodied in Bill 150. The OPA intends to respond to the Minister's directive in the summer, if the Legislature has completed its consideration of Bill 150 by that time.

Yours truly,



Michael Lyle
General Counsel & Vice President
Legal & External Affairs

cc: EB-2007-0707 Intervenors

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BEST BUY



Province's green act empowers local utilities

March 16, 2009

TYLER HAMILTON

Toronto Hydro has long argued that local utilities, not the province, are better positioned to drive energy conservation and spur community-based clean power projects.

It makes sense. Communities have their own differences and unique needs and a top-down approach doesn't always work. Give local utilities a little more say over the destinies of their own communities and there's a better chance, it's reasonable to assume, of reaching provincial green-energy and conservation goals.

That theory will soon be tested under the Ontario government's Green Energy Act. The proposed legislation gives local electric utilities the right, for the first time, to own and operate renewable energy facilities (as long as they don't exceed 10 megawatts), combined heat-and-power plants and energy storage facilities. They also get more control over conservation programs and a way to recoup all associated costs through rate increases.

"It gives us some of the tools we didn't have before," says David O'Brien, CEO of Toronto Hydro.

This is a big deal, particularly at a time when economic uncertainty has caused many projects to stall.

Municipal-owned utilities aren't stuck in the same kind of credit squeeze faced by private-sector developers and their cost of borrowing is much lower. Local utilities better understand the design and limitations of their own networks and the power needs of their communities. They're also less likely to bog down their own projects with red tape.

In Toronto, there's much talk about the need to build a third transmission line into the city to accommodate electricity demand and improve power reliability as the population grows. A few possible line routes have been thrown around, but the most controversial would be a corridor running through the east-end communities of Scarborough, Leaside and Riverdale.

Energy and Infrastructure Minister George Smitherman recently told the *Star* that empowering local utilities – in this case, Toronto Hydro – to aggressively pursue distributed-generation projects could achieve the same goals as building a third line.

He called the whole idea of a third line "really ugly politics" and labelled it a billion-dollar decision nobody wants to make. "But if you make a move into distributed generation you can address reliability, which is what the third line seeks to get at," he said.

And keep in mind that the Ontario Power Authority still has plans establish one more

This is Exhibit...
affidavit of...
sworn before me, this...
day of...
2009

natural gas-fired power plant around Toronto, in addition to the one currently in the works in York Region and another being planned in the southwest GTA.

"I think if we demonstrate our progress, and demonstrate our seriousness, those are both examples of big expenditures that can be offset by a focus on bringing in more renewables," said Smitherman.

Sounds promising, except for one major snag: the transmission infrastructure connecting to central Toronto can't accommodate the flood of projects required to offset those big expenditures.

Specifically, the Leaside and Manby transformer stations pose a short-circuit risk if too much distributed generation is built downtown. In an optimistic scenario, 90 megawatts is the limit, but the likely limit is well below 50 megawatts. That amount of power capacity will not displace the need for a transmission line or a 300-megawatt gas plant.

So, are there any plans to upgrade these stations? It's not like we didn't see this coming. "The transmission system serving the city's core is aging with a large proportion of circuit breakers, underground cables and overhead circuits more than forty years old," Hydro One wrote in a July 2007 report.

In fall 2008, Toronto Hydro and the Ontario Power Authority began a joint study on the potential of distributed generation in central and downtown Toronto, as well as what it would take and cost to upgrade transmission to accommodate this power.

"We are looking at potentially trying to come up with a distributed generation plan that is fairly large scale," says Bing Young, director of transmission integration at the power authority. By large scale, he's talking about 300 megawatts.

"It's quite a significant engineering undertaking. Regardless of who the developer is – whether Toronto Hydro or some (private) project developer – the planning work still needs to be done."

The analysis won't be complete for a few weeks and a decision on what to do and how to do it likely won't happen until sometime in 2010. Groups like the Ontario Clean Air Alliance worry that the transmission constraints won't be fixed until 2011, earliest, which means Toronto Hydro will have to wait at least two years before exercising its new powers under the Green Energy Act.

"I think we've got to fast track some of this stuff," says O'Brien, who at the same time is sympathetic to the challenges that lie ahead for Hydro One.

But the city can only wait so long, he adds.

"The third line time frame is around 2014. It's not that far out. We may have a year or so to figure out what we're going to do on this thing. Can distributed generation and other measures replace the third line? We don't know yet."

Smitherman, for his part, says he'll soon be issuing a directive that Hydro One speed up transmission projects, including high-priority upgrades around Toronto. He wants the provincial utility to be a more proactive organization that acts with a sense of urgency. Good luck with that, some industry experts say.

"I hear you," says Smitherman. "Everybody has that instinct — there's these big hydro agencies and they've been around forever and they go about their own pace."

For those who doubt Smitherman will be able to change that culture, he replies: "Do me a small favour? Just watch me."

Oh, don't worry. We will.

Tyler Hamilton's Clean Break column appears Mondays. Email him at thamilton@thestar.ca.

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N° 113

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**Legislative Assembly
of Ontario**

First Session, 39th Parliament

**Assemblée législative
de l'Ontario**

Première session, 39^e législature

**Official Report
of Debates
(Hansard)**

**Journal
des débats
(Hansard)**

Tuesday 24 February 2009

Mardi 24 février 2009

Speaker
Honourable Steve Peters

Président
L'honorable Steve Peters

Clerk
Deborah Deller

Greffière
Deborah Deller

Mr. Phil McNeely: I rise today to speak in my capacity as parliamentary assistant to the Minister of Energy and Infrastructure. I want to begin my remarks about the proposed Green Energy and Green Economy Act by taking a moment to speak about the role of government, about the obligations we bear to meet the challenges of today while helping prepare for a better tomorrow. That is a fundamental test of good government, of wise government, of forward-looking government, and that is the test we have attempted to meet in drafting this act.

It is a plan for today, one that, if passed, would help create badly needed jobs and boost economic activity, one that would immediately encourage the expansion of renewable energy, one that would further encourage a culture of conservation and focus on energy efficiency. Yet it is also a plan for tomorrow, one that, if passed, would position Ontario as North America's green economy leader, one that would help to create well-paying, sustainable jobs for years to come, one that would help us create a future that is both more prosperous and more environmentally responsible.

We have heard already from the Premier and Deputy Premier. They have spoken about the broad benefits of this approach and, as well, the risks of failing to act. Accordingly, I want to focus my remarks on the specifics of the proposed legislation. In particular, I want to talk about the steps we propose to foster a new culture of conservation across the province of Ontario, to create incentives in the place of disincentives, to equip individual Ontarians rather than burden them, to encourage energy efficiency rather than waste. These proposed measures can be divided into two categories: what we would do to help at the local level and what we would do within the provincial public sector.

Let me start with the local.

First, we would establish mandatory electricity conservation targets for local distribution companies, those that act as local electricity providers, otherwise known as LDCs. If passed, the act would grant the minister the authority to issue directives to require targets be set, financial incentives be provided and accountability be required to encourage LDCs to design and deliver electricity conservation programs. Given the direct relationship between LDCs and individual users, this would ensure the creation and delivery of better programs and tools to households and businesses, with the assistance of the Ontario Power Authority.

Second, a priority near and dear to my heart is the need to bring an emphasis on energy efficiency at the local and even individual household level. One of the greatest obstacles is understanding. Talk to Ontarians about conservation and energy efficiency and you get a crystal clear response: "We're in. Now what do we do?" To that end, we would enshrine energy efficiency as a defining principle of the Ontario building code. This would help ensure that current best practices incorporated by most of our province's best builders become formalized. This provision would be subject to a five-year

review to ensure that we keep current with emerging sector trends. In addition, an advisory council would be established to give the government expert advice and counsel on an ongoing basis.

Next, we would work to designate Energy Star levels as the standard for the major common household appliances and, by doing so, continue to take a leadership position in North American standards for energy efficiency. Ontario's families are keen for clear direction when it comes to making an individual contribution to energy efficiency. This will do just that.

Finally, we would move to make home energy audits mandatory prior to home sales. This is an issue that I have personally championed for some time—introducing a private member's bill last fall entitled the Home Energy Rating Act. It is a provision that I have great confidence would encourage important investments in energy efficiency, among both homeowners and prospective sellers. This initiative has been endorsed widely—by the Green Energy Act Alliance, the Ontario Association of Home Inspectors, and many others. It would ensure that owners, realtors, sellers and buyers have detailed and accurate information on the energy efficiency of their homes. Armed with such understanding, it would be natural for many Ontarians to then take the next step and invest in retrofits and improvements. The result would be a win-win: homes that make better use of energy, and a helpful boost to economic activity in the home building and renovation sector.

These measures at the individual and local level would be complemented by leadership at the provincial level. Let me highlight three specific ways we will do this.

First, we would green all Ontario government and public sector buildings. We would invest in retrofits and energy efficiency. We would conserve more, waste less, and set an example through action. Under the proposed act, those with responsibility across the provincial government and the broader public sector would be required to prepare detailed conservation targets and plans for improvement. We would start with the government's directly held building stock and then, over time, expand to include our hospitals, schools and universities.

Second, we have consulted widely and have been told clearly that government programs and agencies require better alignment. Over the years, initiatives have been undertaken on an iterative and sometimes ad hoc basis. We have lacked the sort of integrated discipline that the proposed act would guarantee, if passed. Accordingly, we would reduce the maze that discourages green energy producers, users and individual Ontarians by better structuring our own operations and agencies.

Under the proposed act, all activities in this respect would be coordinated and conducted within the Ministry of Energy and Infrastructure, through the renewable energy facilitator, who will help proponents developing renewable projects better understand the approvals process. This may sound like housekeeping, but don't for a moment mistake it as unimportant. These changes would produce a sharper focus, more responsive programming and increased accountability.

I realize my time is short, and I'm anxious to hear from others on all sides of the House about this signature legislative initiative, so permit me to conclude on two points.

First, I want to emphasize the confidence I feel that Ontario can seize this moment and foster a true culture of conservation. In truth, we believe that Ontarians are anxious to embrace this change: to adopt energy efficiency as the rule, rather than the exception. Our challenge is to put in place policies that would encourage this impulse and allow it to grow and expand. With this proposed act, we believe we have done so.

1550

Secondly, we know that this change would require some sacrifice. We are taking part in the global race for green jobs and investment; it would be foolish to think that something so coveted could be accomplished with ease. For that reason, we have taken pains to include provisions that would protect the most vulnerable in our society. Low-income Ontarians would benefit from targeted measures within the GEA to ease the cost of compliance and smooth the transition to a more energy-efficient future. This too is part of the role of government that I mentioned at the outset of my remarks, and it is a task that we take seriously.

This proposed legislation is a cornerstone of our plan for tomorrow. If passed, it would help Ontario become the preferred destination for green jobs, green investment and green energy. It would create immediate benefits and pave the way for a lasting culture of conservation. That is why I would urge all members to join me in expressing their support for the Green Energy Act.

Ms. Laurel C. Broten: I'm very pleased to stand in the House today as parliamentary assistant to the Minister of Energy and Infrastructure, George Smitherman, and to speak in support of the Green Energy and Green Economy Act.

Le projet de loi, Loi de 2009 sur l'énergie verte et l'économie verte, poursuit la transformation du réseau de production d'électricité entreprise en Ontario pour en faire l'un des plus propres et plus respectueux de l'environnement au monde.

The Green Energy and Green Economy Act, if passed, will establish Ontario as the North American leader in green energy. This landmark legislation will benefit our people and our province in many ways. It will help to increase the development and use of renewable energy in Ontario. It will position this province at the leading edge of the green economy, spurring innovation and attracting jobs and investment. It will help us better protect the environment, boosting our fight against climate change and creating a healthier future for our children.

I am very proud of our government's efforts to significantly reduce our province's environmental footprint with the establishment of stringent targets to reduce our greenhouse gas emissions and fight climate change. This proposed Green Energy and Green Economy Act is a significant step: It is progressive yet practical. It builds upon all the work this government has already done to

build a reliable electricity system, to increase Ontario's supply of renewable energy and to get off dirty coal.

Si la loi est adoptée, l'Ontario deviendrait le leader nord-américain de l'énergie écologique. La loi aurait pour but de renforcer les initiatives concernant la production d'électricité déjà entreprises par la province, dont l'élimination d'ici 2014 des centrales à charbon, la plus importante source de pollution atmosphérique.

To accomplish its goals, this act contains a number of key measures. If passed, this bill would create a feed-in tariff. What does that mean? Essentially, a feed-in tariff is an incentive structure. Through it, Ontario would offer attractive rates for energy generated from renewable energy sources such as solar, wind, water and biomass. These rates would be guaranteed for the life of the contract. They would be applicable to both small community-based and large commercial renewable energy projects, and this would create the certainty that investors need in order to build the projects, create the jobs and increase the supply of renewable energy in Ontario.

Feed-in tariffs are not a new idea—they have been pivotal to the growth of green energy in several European countries—but our new system would be unique to Ontario. Alongside fixed rates, we would set program goals. These would include establishing domestic content requirements for renewable energy technologies; ensuring domestic products and services would be used in new generation facilities; promoting regional development; and encouraging municipal involvement, as well as the participation of First Nations and Métis communities, in building our renewable energy sector.

With all these diverse elements in place and working together, Ontario would become a powerhouse of innovation and knowhow, the destination of choice for green power developers and a leading jurisdiction in green economy.

To boost Ontario's attraction to developers even more, the proposed legislation would ensure a streamlined approval process. Over the past five and a half years, our ministry has been made aware that the process of successfully launching a renewable energy project or an associated transmission project is much more complex and time-consuming than it need be. If passed, this proposed act would eliminate the red tape and duplication.

Most significantly, green energy projects would no longer be subject to the requirements under the Planning Act or, in most cases, the Environmental Assessment Act. Instead, the Ministry of Environment and the Ministry of Natural Resources would collaborate and co-ordinate their requirements in a streamlined process within a service guarantee. This would include a co-ordinated environmental registry posting process. This friendly approach would include the establishment of a renewable energy facilitator located within the Ministry of Energy and Infrastructure. This office would be the first point of contact for proponents, guiding them through the approvals process, raising awareness of federal requirements and helping to make green energy projects move forward faster.

Bill 150

2009

Projet de loi 150

2009

**An Act to enact
the Green Energy Act, 2009
and to build a green economy,
to repeal the Energy Conservation
Leadership Act, 2006 and
the Energy Efficiency Act
and to amend other statutes**

**Loi édictant la
Loi de 2009 sur l'énergie verte
et visant à développer
une économie verte,
abrogeant la Loi de 2006
sur le leadership en matière
de conservation de l'énergie et la
Loi sur le rendement énergétique
et modifiant d'autres lois**

Note: This Act amends or repeals more than one Act. For the legislative history of these Acts, see the Table of Consolidated Public Statutes – Detailed Legislative History at www.e-Laws.gov.on.ca.

Remarque : La présente loi modifie ou abroge plus d'une loi. L'historique législatif de ces lois figure aux pages pertinentes de l'Historique législatif détaillé des lois d'intérêt public codifiées sur le site www.lois-en-ligne.gouv.on.ca.

CONTENTS

1.	Contents of this Act
2.	Commencement
3.	Short title
Schedule A	Green Energy Act, 2009
Schedule B	Electricity Act, 1998
Schedule C	Ministry of Energy Act
Schedule D	Ontario Energy Board Act, 1998
Schedule E	Clean Water Act, 2006
Schedule F	Environmental Bill of Rights, 1993
Schedule G	Environmental Protection Act
Schedule H	Ontario Water Resources Act
Schedule I	Co-operative Corporations Act
Schedule J	Building Code Act, 1992
Schedule K	Planning Act
Schedule L	Ministry of Natural Resources

SOMMAIRE

1.	Contenu de la présente loi
2.	Entrée en vigueur
3.	Titre abrégé
Annexe A	Loi de 2009 sur l'énergie verte
Annexe B	Loi de 1998 sur l'électricité
Annexe C	Loi sur le ministère de l'Énergie
Annexe D	Loi de 1998 sur la Commission de l'énergie de l'Ontario
Annexe E	Loi de 2006 sur l'eau saine
Annexe F	Charte des droits environnementaux de 1993
Annexe G	Loi sur la protection de l'environnement
Annexe H	Loi sur les ressources en eau de l'Ontario
Annexe I	Loi sur les sociétés coopératives
Annexe J	Loi de 1992 sur le code du bâtiment
Annexe K	Loi sur l'aménagement du territoire
Annexe L	Ministère des Richesses naturelles

Her Majesty, by and with the advice and consent of the Legislative Assembly of the Province of Ontario, enacts as follows:

Contents of this Act

1. This Act consists of this section, sections 2 and 3 and the Schedules to this Act.

Commencement

2. (1) Subject to subsections (2) and (3), this Act comes into force on the day it receives Royal Assent.

Sa Majesté, sur l'avis et avec le consentement de l'Assemblée législative de la province de l'Ontario, édicte :

Contenu de la présente loi

1. La présente loi est constituée du présent article, des articles 2 et 3 et de ses annexes.

Entrée en vigueur

2. (1) Sous réserve des paragraphes (2) et (3), la présente loi entre en vigueur le jour où elle reçoit la sanction royale.

2. To fund conservation or renewable energy programs aimed at causing consumers of fuel to change from one or more of the fuels listed in paragraph 1 to any other fuel or fuels listed in that paragraph.
3. To fund conservation or renewable energy programs aimed at decreasing peak electricity demand, while increasing or decreasing the consumption of another type of fuel.
4. To fund research and development or other engineering or scientific activities aimed at furthering the conservation or the efficient use of fuels.
5. To fund conservation or renewable energy programs aimed at a specific geographical, social, income or other sector of Ontario.
6. To reimburse the Province for expenditures it incurs for any of the above purposes.

Special Purpose Conservation and Renewable Energy Conservation Fund

(3) The Minister of Finance shall maintain in the Public Accounts an account to be known as the Ministry of Energy and Infrastructure Special Purpose Conservation and Renewable Energy Fund in which shall be recorded all receipts and disbursements of public money under this section.

Non-interest bearing account

(4) The balances from time to time in the account do not bear interest.

Interpretation

(5) For the purposes of this section, the terms used in it that are not defined in this Act but that are defined in section 1 of the *Financial Administration Act* have the meanings provided in that Act.

7. The Act is amended by adding the following section:

Directives re conservation and demand management targets

27.2 (1) The Minister may issue, and the Board shall implement, directives that have been approved by the Lieutenant Governor in Council that require the Board to take steps specified in the directive to establish conservation and demand management targets to be met by distributors and other licensees.

Directives, specified targets

(2) To promote conservation and demand management, a directive may require the Board to specify, as a condition of a licence, the conservation targets associated with those specified in the directive, and the targets shall be apportioned by the Board between distributors and other licensees in accordance with the directive.

2. Financer des programmes de conservation ou d'énergie renouvelable visant à amener les consommateurs de combustibles à abandonner un ou plusieurs des combustibles énumérés à la disposition 1 en faveur d'un ou de plusieurs autres combustibles énumérés à cette disposition.
3. Financer des programmes de conservation ou d'énergie renouvelable visant à réduire la demande de pointe d'électricité tout en augmentant ou en diminuant la consommation d'un autre type de combustible.
4. Financer des activités de recherche et de développement ou d'autres activités techniques ou scientifiques visant à favoriser la conservation ou l'utilisation efficace des combustibles.
5. Financer des programmes de conservation ou d'énergie renouvelable visant un secteur géographique, social, socio-économique ou autre de l'Ontario.
6. Rembourser à la province les dépenses qu'elle engage aux fins susmentionnées.

Fonds spécial pour la conservation et l'énergie renouvelable

(3) Le ministre des Finances tient dans les comptes publics un compte appelé Fonds spécial du ministère de l'Énergie et de l'Infrastructure pour la conservation et l'énergie renouvelable, dans lequel sont consignés les encaissements et décaissements de deniers publics effectués dans le cadre du présent article.

Compte ne portant pas intérêt

(4) Les soldes du compte ne portent pas intérêt.

Interprétation

(5) Pour l'application du présent article, les termes y figurant qui ne sont pas définis dans la présente loi, mais qui le sont à l'article 1 de la *Loi sur l'administration financière*, s'entendent au sens de cette loi.

7. La Loi est modifiée par adjonction de l'article suivant :

Directives : objectifs en matière de conservation et de gestion de la demande

27.2 (1) Le ministre peut donner à la Commission des directives, approuvées par le lieutenant-gouverneur en conseil, lui enjoignant de prendre les mesures qui y sont précisées afin de fixer les objectifs en matière de conservation et de gestion de la demande que doivent atteindre les distributeurs et les autres titulaires de permis. La Commission met ces directives en oeuvre.

Directives : objectifs déterminés

(2) Afin de promouvoir la conservation et la gestion de la demande, une directive peut exiger que la Commission précise, comme condition d'un permis, les objectifs en matière de conservation liés à ceux précisés dans la directive, ces objectifs devant être répartis par la Commission entre les distributeurs et les autres titulaires de permis conformément à la directive.

Same

(3) A directive made under subsection (2) may require the OPA to provide information to the Board or to the Ministry about the conservation targets referred to in subsection (2) or the contracts referred to in subsection (5).

Directives re distributors

(4) Subject to subsection (6), a directive may require the Board to specify, as a condition of a licence, that a distributor may meet, at its discretion, any portion of its conservation target by seeking the approval of the Board for the conservation and demand management programs to be offered in its service area.

Directives, contracting with the OPA

(5) A directive may require the Board to specify, as a condition of a licence, that a distributor meet, at its discretion, any portion of its conservation target by contracting with the OPA to meet the target through province-wide programs offered by the OPA.

Hearings

(6) A directive may specify whether the Board is to hold a hearing, the circumstances under which a hearing may or may not be held and, if a hearing is to be held, the type of hearing to be held.

Publication

(7) A directive issued under this section shall be published in *The Ontario Gazette*.

8. The Act is amended by adding the following sections:**Directives, smart grid**

28.5 (1) The Minister may issue, and the Board shall implement directives, approved by the Lieutenant Governor in Council, requiring the Board to take such steps as are specified in the directive relating to the establishment, implementation or promotion of a smart grid for Ontario.

Hearings

(2) A directive may specify whether the Board is to hold a hearing and the circumstances under which a hearing may or may not be held.

Publication

(3) A directive issued under this section shall be published in *The Ontario Gazette*.

Directives, connections

28.6 (1) The Minister may issue, and the Board shall implement directives, approved by the Lieutenant Governor in Council, requiring the Board to take such steps as are specified in the directive relating to the connection of renewable energy generation facilities to a transmitter's transmission system or a distributor's distribution system.

Idem

(3) Une directive donnée en vertu du paragraphe (2) peut exiger que l'OEO fournisse des renseignements à la Commission ou au ministère au sujet des objectifs en matière de conservation visés au paragraphe (2) ou des contrats visés au paragraphe (5).

Directives : distributeurs

(4) Sous réserve du paragraphe (6), une directive peut exiger que la Commission précise, comme condition d'un permis, qu'un distributeur peut atteindre, à sa discrétion, toute partie de son objectif en matière de conservation en demandant l'approbation de la Commission pour les programmes de conservation et de gestion de la demande qu'il compte offrir dans son secteur de service.

Directives : contrats avec l'OEO

(5) Une directive peut exiger que la Commission précise, comme condition d'un permis, qu'un distributeur peut atteindre, à sa discrétion, toute partie de son objectif en matière de conservation en concluant avec l'OEO un contrat visant à atteindre cet objectif au moyen de programmes offerts par ce dernier à l'échelle de la province.

Audiences

(6) Une directive peut préciser si la Commission doit tenir une audience, les circonstances dans lesquelles une audience peut ou non avoir lieu et, le cas échéant, le genre d'audience à tenir.

Publication

(7) Les directives qui sont données en vertu du présent article sont publiées dans la *Gazette de l'Ontario*.

8. La Loi est modifiée par adjonction des articles suivants :**Directives : réseau intelligent**

28.5 (1) Le ministre peut donner à la Commission des directives, approuvées par le lieutenant-gouverneur en conseil, lui enjoignant de prendre les mesures qui y sont précisées à l'égard de la création, de la mise en place ou de la promotion d'un réseau intelligent pour l'Ontario. La Commission met ces directives en oeuvre.

Audiences

(2) Une directive peut préciser si la Commission doit tenir une audience et les circonstances dans lesquelles une audience peut ou non avoir lieu.

Publication

(3) Les directives qui sont données en vertu du présent article sont publiées dans la *Gazette de l'Ontario*.

Directives : raccordements

28.6 (1) Le ministre peut donner à la Commission des directives, approuvées par le lieutenant-gouverneur en conseil, lui enjoignant de prendre les mesures qui y sont précisées à l'égard du raccordement d'installations de production d'énergie renouvelable au réseau de transport d'un transporteur ou au réseau de distribution d'un distributeur. La Commission met ces directives en oeuvre.