

(transcript of appearance)

STANDING COMMITTEE ON GENERAL GOVERNMENT

COMITÉ PERMANENT DES AFFAIRES GOUVERNEMENTALES

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TOM ADAMS

The Chair (Mr. David Oraziotti): Mr. Tom Adams? Good afternoon and welcome to the Standing Committee on General Government. You have 10 minutes for your presentation and five minutes for questions from the committee. You can start your presentation when you like. Just please state your name for the recording purposes of Hansard.

Mr. Tom Adams: Thank you, Mr. Chairman and members of the committee, for an opportunity to make a deputation on Bill 150. My name is Tom Adams. I'm an independent researcher, writer and adviser specializing in electricity and environmental matters. I'm not here representing any particular interest or client, and I'm not asking for revisions to this or that clause within the legislation. My purpose today is to plead for the withdrawal of the legislation completely.

The bill is based on unworkable and illogical concepts. It will lead Ontario towards dramatically less efficient and more costly electricity. It will undermine the integrity of the public agencies and regulators charged with managing Ontario's electricity system. It will weaken municipal democracy. It threatens directly civil liberties by arming government with radical search and seizure powers. It may even violate international treaty and trade obligations through domestic content requirements.

I fear that many fair-minded Ontarians feeling the consequences of Bill 150 will conclude that if environmental protection policies require these sacrifices, then perhaps environmental protection is not worth the trouble.

The provisions of the bill offer the possibility that politically preferred customer groups might be excused from the full cost consequences by way of ministerial fiat. This provision would create a corrosive, beggar-thy-neighbour environment around rate-setting. Rate relief for some will necessarily come at the expense of other consumers. Small and medium-sized businesses are usually the losers in tussles of this type in jurisdictions across Canada, including Ontario.

The benefits of Bill 150 will flow to a handful of developers, manufacturers, contractors and, of course, their lawyers and consultants. Many of these beneficiaries would be well off and well employed without the vast wave of government aid flooding toward them.

The investments that Bill 150 will stimulate will be inflated in cost due to the competition for resources arising from similarly flawed policies now being implemented by President Obama on a much bigger scale in the United States.

Of the generation technologies that Bill 150 would stimulate, in a few years the solar panels being installed now will be obsolete relics. Wind power is now generating intermittent power on a scale such that the benefits of wind power are already being diluted by the hidden costs to maintain grid reliability.

I have appeared before legislative committees, energy regulators, academics and policy groups for over 20 years. Over the course of this history, the debate has always focused on something that would have been familiar to electricity policy-makers and debaters 110 years ago; that is, efficiency.

The Ontario Legislature has been persistently debating electricity concerns at least since 1899, when the great Liberal James Conmee, arguably the most exceptional and successful politician ever to represent Thunder Bay in this Legislature and also at the federal level, secured an amendment to the Ontario Municipal Act. Conmee's amendment required municipalities to buy out privately owned electrical and gas utilities at fair prices before initiating their own in the same franchise.

Conmee eventually lost a titanic political struggle against Adam Beck over the question of whether municipalities would be allowed to confiscate private assets. Although Conmee and Beck brawled politically, both opponents would have firmly agreed that the ultimate purpose of electricity policy was to deliver power to customers as efficiently as possible.

That the Ontario government would deliberately implement electricity policies encouraging and promoting inefficiency and much higher costs to consumers would have shocked both men. Can anyone name a politician in Ontario from any period-up until this Parliament-who might have deliberately sought such inefficiency and excessive electricity rates as will be the consequences of Bill 150?

Since the time of Conmee and Beck, as Ontario grew in complexity, electricity policy progressed from simply focusing on cheap power. Reliable electricity at minimum cost, produced in compliance with our environmental rules, became the heart of Ontario's electricity policy. Sometimes the policy was imperfectly pursued, but a wide consensus supported the underlying objective.

The efficiency of our economy limits the output we can achieve from our efforts and investments. Wages rise and prosperity becomes more widespread when productivity improves. Because electricity is a basic input for every economic transaction, the efficiency of electricity production has quite properly been a central policy objective over the ages.

In place of the sound objective of efficiency, Bill 150 locks in inefficiency. Electricity will be procured through non-competitive feed-in tariffs. Generators will be allowed to locate anywhere irrespective of the costs imposed on consumers to build out the infrastructure. Regulators, whose proper job is to ensure the fairness and efficiency of the market, will be transformed into agencies promoting development even when it is wasteful and harms consumers.

My academic life currently focuses on wind power. In the package of materials I provided through the clerk's office, I included a paper I co-authored which will be published as part of formal conference proceedings in May at McMaster University. In the course of developing the paper on wind power, my co-author and I discovered that several of the key technical analyses of wind power grid integration relied upon by the Ontario Independent Electricity System Operator and the Ontario Power Authority are seriously flawed. Here are some of the observations arising from the analysis of Ontario's actual wind power production experience.

Locating wind farms far apart from each other provides very little smoothing of output, much less than found in comparable European studies. Rapid up-and-down ramps of aggregate wind output are common and have already caused costly impacts on generation dispatch and have contributed to excess baseload generation events. Ontario's demand peaks in the summer, but here, like regions at our latitude around the world from Alberta to Germany, wind power productivity in summer is about half that of winter. Although Ontario has a secondary peak of demand in winter, the highest usage days are on the coldest days. Unfortunately, the coldest days in winter happen to be the days of lowest wind power productivity. During the most recent winter, the productivity of the wind power fleet across Ontario was 50% better on warm days than on cold days.

These findings do not indicate that wind power can never be beneficial, but the research powerfully contradicts those who would claim that wind power's intermittency is not a problem, that wind power helps to replace coal, or those who claim that wind power should be allowed to develop wherever developers want it.

Bill 150's so-called revolutionary ideas are fundamentally threatening to the public interest in Ontario. That great Liberal and friend of Laurier, James Conmee, and the tentative Conservative Adam Beck would both have agreed that efficiency is not a policy principle that should be revolutionized.

The Chair (Mr. David Oraziotti): Thank you very much for your presentation. Mr. Yakabuski.

Mr. John Yakabuski: Thank you very much for joining us today, Tom. I've watched and listened with interest to your articles over many years. One thing I could always say is they are not politically motivated; nobody gets a free ride from you. You speak from a point of view of being informed and determined.

Today, London Economics released a report with respect to the cost of electricity under this Green Energy Act, which the minister says is going to mean a 1%-per-year increase to your hydro bill over the next 10 years. We, from the start, have said that's absolutely impossible, and their report supports that. If this act is fully implemented from a low uptake to a high uptake on the feed-in tariff projects, what do you think it would do to the average person's electricity bill in this province?

Mr. Tom Adams: It's a legitimate question. Unfortunately I haven't done the research to provide a reasonable estimate, but we can see some of the directional impacts. The Bruce-to-Milton transmission line, which connects the Bruce nuclear power transformer station to the Milton transformer station, has approximately 58% of its design capacity committed for wind, the remainder for nuclear. The cost of that transmission line is \$3.5 million a kilometre.

So if you contemplate significant wind power development in further remote regions and you multiply out, we could end up with a situation—for example, if there's significant wind power development under Bill 150 that goes ahead at the west end of Lake Superior where there's already a power surplus and there is an attempt to drain power east, the cost of the transmission could exceed the cost of the wind turbines.

It's difficult to anticipate what the world would look like under such a radical proposal as Bill 150, but I think that the writing is on the wall. It's going to be very substantially more costly electricity.

Mr. John Yakabuski: Plus, we have to back up all that with dispatchable generation as well.

Mr. Tom Adams: Yes.

The Chair (Mr. David Oraziotti): Thank you for the question. That's all the time we have. Mr. Tabuns?

Mr. Peter Tabuns: Tom, thank you. If you are asking the government to withdraw the bill, do you have an alternative model that we should be looking to for large-scale implementation of renewable energy in Ontario?

Mr. Tom Adams: If there's one clause of the legislation that I would ask to be withdrawn first, it would be the clause that changes the objects in the Ontario Energy Board. The energy board legislation is fundamentally sound, and one of the requirements that is there today is protection of consumers with respect to price and reliability of power. That clause gives the board authority to distinguish between the productive and the unproductive investments that might come before them. So if there's one element that would help to encourage the cost-justified version of renewable power, it would be to leave the authority of the energy board intact.

Mr. Peter Tabuns: But do you have a model for large-scale infusion of renewable power into our electricity system? Is there another one in the world that we can look to?

Mr. Tom Adams: The model that the Europeans have been using, which is this feed-in tariff that they've got in Germany and Spain, has led to the Germans paying electricity prices that are almost US30 cents a kilowatt hour. That's triple what we're paying here.

The Chair (Mr. David Oraziotti): Thank you. That's the time we have for the question. Thank you, Mr. Tabuns. Mr. Mauro?

Mr. Bill Mauro: Mr. Adams, thank you for your presentation. Today, I'm getting a clear message from you, but I'm still uncertain-and I think Mr. Tabuns has tried to ask you what you would suggest would be the way we would produce our energy in Ontario. We've heard you in the past have concerns around nuclear. Today, I'm sensing you have concerns around renewables. You spoke pretty clearly to your concerns around the way wind is coming on stream. Of course, we're all concerned about cost, but just put that aside for the moment-and if you want to talk about it at the end, fine-and tell us perhaps how, if we can't do nuclear, if we can't do renewable-gas is a diminishing resource. People don't want coal. I don't know how you feel about coal. I'm looking for a sense of what you would envisage as the supply mix in Ontario, what percentages of each energy-you know, how would it be produced and how would you do that? I'd be interested to hear that.

Mr. Tom Adams: Good question. If we had environmental rules that were applied evenly to all sectors that said-carbon constraints or some other constraint on protection of the natural environment, and then allow the generators to compete against each other so there was open bidding and competitive processes, then you would reveal the ones that were cost-effective. It might be carbon capture and sequestration and possibly, conceivably, it's nuclear. If the subsidies are out of the game and everybody has to compete, then let them go out and do it.

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Mr. Bill Mauro: Your issue then is more on-you're giving me the cost argument, I guess, which-
Interjection.

Mr. Bill Mauro: Yes. I was just looking in terms of your favourite or favoured energy supply mix-nuclear, coal, gas, wind. I mean, if the cost piece is the argument, how would you suggest that we generate a renewables industry in Ontario, whether it's geothermal, wind, solar or hydraulic? If we don't use a feed-in tariff system, how would you suggest we get that renewable energy industry started in Ontario?

The Chair (Mr. David Oraziotti): Mr. Adams, as briefly as possible.

Mr. Tom Adams: There's a strong environmental argument to be made for coal. We have already some of the cleanest coal plants in North America here. If we shut them down, we're going to make our air dirtier, not cleaner. That's part of the solution. But carbon taxes across the board and then let the chips fall where they may.