



REMARKS

Gord Miller, Environmental Commissioner of Ontario 2010 Annual Energy Conservation Progress Report (Volume 1)

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Check Against Delivery

Good Morning. Today I have tabled with the Speaker the first volume of my annual energy conservation report for 2010 aptly named "Managing a Complex Energy System." My statutory obligation with respect to energy conservation is threefold. I must report on energy conservation and efficiency initiatives, progress on achieving targets and barriers in the policy system. Most of my findings relating to progress on targets will be tabled in volume 2 of this report sometime in the fall when data becomes available. So today's report focuses on some of the policy issues of significance in energy conservation. And most of those issues deal with one type of energy conservation because in this province, although we have a Long Term Energy Plan, we continue to focus almost all our attention on electricity to the neglect of the other fuels.

Electricity policy has become a controversial and complicated political battlefield on which the fog of war greatly obstructs our view of what is really going on. But through it all one thing is absolutely clear. The most inexpensive and most available form of energy is that which we stop wasting or unnecessarily consuming. Energy conservation is the only cheap and abundant source of energy still available to our society. That is why it deserves our attention and our investment of resources.

So what are some of the significant developments since last year's report? We now have a Long Term Energy Plan that the government put out for public consultation and we might even know how the public's input was considered if the Ministry of Energy would post a decision notice on the Environmental Registry as is required by law.

I am pleased to note that the Long Term Energy Plan includes one of my recommendations from last year in that Ontario now has targets for a reduction in electricity consumption (the amount we use in Terawatt-hours) in addition to the targets in peak demand (in Megawatts).

We have a new pricing policy for electricity which includes some tax credits and a 10% rebate off the total charges on our bills called the Ontario Clean Energy Benefit. Regrettably this benefit is of no benefit to the cause of conservation. It is a perverse incentive which undermines conservation because it rewards and encourages increased consumption. One study estimated that the increase in consumption from this



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subsidy will wipe out one third of the savings expected from the utility conservation programs from 2011 to 2014.

There are some positive developments in pricing. A regulation introduced a form of critical peak pricing for large electricity users which is fairer and should significantly lower demand in those few critical peak hours of the year when the demand is extremely high and the grid is under stress. And, legislation was passed to clarify the rules around suite metering. Suite metering is the installation of individual meters in rental units and condominiums so more consumers in apartments will be able to see the return on their conservation initiatives.

The report also looks at the conservation and demand management programs that are supposed to be implemented by the Ontario Power Authority and the Local Distribution Companies between January of this year and the end of 2014. There seem to be problems getting these things going and we are still not fully launched six months past the start date. And I am concerned that these efforts will prematurely sputter to a halt because it is not clear that funding will continue into 2015 and beyond.

There is a brief but important discussion in my report about the smart grid. It is important because smart grid technology is where we and the entire developed world must go if we are to have a stable, resilient and affordable electricity delivery system in the future. Smart meters are just the first, but the enabling step, in the roll out of a smart grid. It disturbs me that there appears to be no effort by government to communicate to the public the nature and benefits of such a profound technological initiative. If we were to flounder in this necessary restructuring of our grid because of misunderstanding by the public it will have grave consequences to our economic future in the North American marketplace.

And finally, my report discusses various barriers to small distributed energy systems. One example of a barrier, perhaps innocently constructed, relates to capturing solar energy from our roof tops. We can do this two ways. We can place photovoltaic solar panels up there and create electricity or we can install solar thermal panels and collect energy to heat water or the building itself. Solar PV is funded generously under the MicroFIT program and it helps in meeting the renewable energy targets. Solar thermal provides heat that is directly used and thus is highly efficient. It also reduces the creation of greenhouse gases. But all the programs that supported the installation of solar thermal have been terminated. Clearly we have misbalanced the incentive system to our disadvantage.

I will take your questions.