

Legislative Watch

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Energy ADM Addresses QPLF Members

Assistant Deputy Minister of Energy, Shane Pospisil, addressed the members of the Queen's Park Liaison Forum (QPLF) on Friday in a very timely session on energy issues. Minister of Energy, The Honourable Dwight Duncan, MPP, announced on Thursday, April 15, a "new vision" for Ontario's electricity sector (please see next article for more details).

Other guest speakers included Paul Massara, President of Direct Energy, Canadian Operations; Steve Baker, Vice President Supply and Marketing Planning at Union Gas Limited; and David Sword, Chair of the OCC Energy Task Force. Over fifty QPLF members were in attendance.

Mr. Pospisil, the first speaker, provided an overview on the complex issue of Ontario's electricity sector. His presentation, entitled *Electricity Sector Reform*, outlined Ontario's supply and demand situation for energy in the short and long term, current government commitments, Ontario's generation mix, challenges facing the sector, reform legislation, and he concluded with specific deliverables.

He noted that Thursday's announcement by the Minister is only the framework for the strategy and that the details will follow in the legislation, expected to come before the house in June, with consultations expected in the summer.

Highlights from Mr. Pospisil's presentation included:

- Both the short and long term outlook for supply look reasonably fair.
- Recent, or soon to be completed, resource additions amount to 3,241 MW of electricity which is enough to power more than two million homes in Ontario.
- The IMO has received proposals on 28 generating facilities totaling more than 8,700 MW of additional supply.
- Much of the Ontario's existing power generation infrastructure is reaching or has exceeded its nominal life.
- The coal replacement for 2007 represents 25% of the current generation in Ontario.
- Renewable energy is targeted for 5% by 2007 and 10% by 2010.
- The economy-wide conservation target is set for 5% by 2007 and the government's internal commitment is at least 10%.
- If there is no refurbishment of the nuclear fleet, by 2009 to 2018 they will have exceeded their lifespan.
- Hydro power will likely remain at 25%
- Solutions to the power shortage lie in the areas of refurbishment and the creation of new facilities.
- Due to increased demand and the retirement of the coal plants, 24,000 MW of electricity are needed by 2020. This will cost C\$25-\$40 billion.
- OPG currently generates 70% of Ontario's electricity
- Assuming that coal will be phased out by 2007 and no nuclear refurbishment, there will be an electricity supply gap by the year 2008.
- The new legislation is to be introduced in early June and is intended to be passed in the fall and then be implemented by early/mid-2005.

- This will be a hybrid model with OPG prices regulated by the OEB and private sector prices determined by market forces, and the price of electricity will be a blend of these two models.
- An independent body, the Ontario Power Authority, will be created to oversee the energy sector and will include a Conservation Secretariat.
- Prices for small consumers will be set annually to provide stability. This will include different prices for peak and off-peak times to encourage off-peak usage
- Inter-ties with Quebec and Manitoba are being explored.

Paul Massara's presentation provided guests with the private sector perspective of energy issues in Ontario. Highlights from his presentation include:

- Direct Energy entered Ontario market in August 2000 and has since invested \$2.6 billion and they serve half of the households in the province.
- Ideologically they believe in a fully private energy market but understand the need for the government's involvement at this time.
- Electricity pricing should be based on the true, forward looking, cost of energy.
- Direct Energy supports renewable energy through a system of certificates which is currently underway in the UK.
- Retail pricing is the key to conservation by reflecting forward looking power costs and time-differentiated and seasonal rates.
- Competition and consumer choice are central to an efficient energy sector that is responsive to the needs of consumers.
- Direct Energy believes that the current announcement by the Ontario government is good for long-term stability in the energy sector and they look forward to playing a role in the generation and conservation of energy.
- In the long term they hope that this will be a move towards a full market system based on demand side management

Steve Baker's presentation focused on the future of natural gas in the province. Highlights from his presentation include:

- It is a myth that natural gas is in short supply as there are currently 10 years of proven supply and 80 years of reserve supply of natural gas.
- The North American demand is currently at 25.6 tcf (trillion cubic feet) per year; Global demand is at 90.3 tcf per year and the global supply is 5500 tcf of proven reserves.
- Nearly 40 new natural gas projects have been proposed
- Union Gas predicts that natural gas supply will rise in North America and consumption will continue to grow.
- Ontario is tied to every natural gas supply base in North America
- \$1.9 billion has been invested in pipeline infrastructure in Ontario
- Union Gas believes that the coal phase out will require more natural gas pipelines/storage to be built.

Please visit the OCC website to view complete copies of the QPLF presentations.

The next QPLF will be held on June 18 in London, Ontario and will be on skills trades. For more information on QPLF please contact Colleen MacIntyre at colleenmacintyre@occ.on.ca or by telephone at (416) 482-5222, extension 222.

Minister of Energy Releases Energy Framework

On April 15, 2004, Energy Minister Dwight Duncan unveiled the government's strategy for addressing the concerns surrounding Ontario's electricity sector; including the need for new supply, enhanced conservation measures and ensuring stable and fair prices. The province is facing a looming energy crisis that will require an additional 25,000 MW of generating capacity by the year 2020 while also replacing the coal-fired generators. This requires an investment of C\$25-\$40 billion.

A proposed legislation to be introduced in early June includes:

- A new Ontario Power Authority to ensure supply and conservation (through a Conservation Secretariat).
- Targets for conservation, the use of renewable energy, and the overall supply mix of electricity in the province.
- Encouragement of private sector investment in new power generation.
- A combined regulated (OEB determined) and competitive electricity generation sector (market determined).
- An annual standard rate plan for homeowners and small businesses to provide stability while reflecting the true cost of electricity.
- Choice for industrial and commercial consumers, who would continue to have the flexibility offered by the market, or could use other tools to help them manage their energy costs.

Visit the Ministry's website to view the news release, related backgrounder and the Minister's speech where he unveiled the strategy to guests at Thursday's Empire Club of Canada luncheon:

http://www.energy.gov.on.ca/index.cfm?fuseaction=english.news&body=yes&news_id=59

AGM Resolutions Book & Other Convention Updates

The submitted policy resolutions book was updated as of April 16, 2004. Three new resolutions were added: *Long Range Planning*, *Electrical Contractor Licensing* and *OHIP Funding of Services*; and a number of other resolution have been revised. Another updated version will be posted next week.

If you have not already registered for the 92nd Annual General Meeting & Convention please do so today! To help you in your packing, we have posted the suggested dress code. Our agenda continues to be updated. We are proud to add representatives from both the American and Canadian embassies to our Sunday morning panel discussions.

If you have any questions please contact Colleen MacIntyre by email at colleenmacintyre@occ.on.ca or by telephone at (416) 482-5222, extension 222.

All updated materials for the 2004 AGM can be found at the following link:

<http://www.occ.on.ca/members/2agm.asp>.

OCC Responds to Skilled Trades Shortage

On April 13, the McGuinty government announced its commitment to building a highly skilled workforce with an investment of nearly \$18 million in Ontario's apprenticeship programs. This investment will help benefit about 28,000 apprentices by helping colleges update their equipment and develop new training materials. The complete news release can be found on the Ministry of Education's website at www.edu.gov.on.ca/eng/new/new.html.

Following the government's announcement, the OCC issued its own press release recognizing the government's actions but commenting that this is only the first step. The release focuses on how dire the problem of a looming skilled trades shortage is and how great the need is for ensuring that this long term problem needs to be resolved using both monetary investment coupled with measures to enhance the image of skilled trades professions among primary influencers of students. The complete news release can be found on the OCC website at http://occ.on.ca/NR_04132004.asp.

The OCC's Education Committee is very active and focused on skilled trades and apprenticeship reform in Ontario. At last year's AGM & Convention, delegates passed a resolution on the subject with the focus of recommendations on working with stakeholders to enhance the image of skilled trades with among youth, parents and teachers.

In January 2004 the OCC released its member survey on skilled trades which can be found as a PDF at <http://occ.on.ca/2policysubmissions/2003SkilledTradesShortageSurveyReport.pdf>. Some of the results of the survey were captured in a recent education and skilled trades feature which appeared in the Toronto Star on April 1, 2004.

Consultations with Workplace Representatives on Ontario Curriculum

The Ministry of Education is preparing a consultation session with workplace organizations on the Grade 12 curriculum of Business Studies, Guidance and Career Education, and Mathematics. The session will take place on Wednesday, May 5, 2004. Interested participants should contact Stuart Johnston at stuartjohnston@occ.on.ca or by telephone at (416) 482-5222, extension 232.

Ontario has recently completed a major undertaking with the development and implementation of a new standards-based curriculum. The first Ontario curriculum documents in English and French were released in 1997. The introduction of Grade 12 in the 2002-03 school year completed the initial implementation of the curriculum policy documents. The completion of the grade-by-grade roll-out of this standards-based curriculum represents an enormous commitment and accomplishment by Ontario educators.

The next step for the Ministry of Education is to maintain the currency and relevancy of the curriculum. In order to achieve this, the Ministry has embarked on a staged process to review the Kindergarten to Grade 12 curriculum documents by discipline area. At this point in time, the curriculum policy documents for Business Studies, Guidance and Career Education, and Mathematics are undergoing a review.

Interested workplace organizations are invited to participate in the consultation process which forms one component of the review. The day-long consultation session will be held on May 5, 2004, from 9:30 am to 3:00 pm in Toronto. The purpose of this session is to obtain feedback from workplace

organizations on the Grades 11 and 12 college, workplace, and open courses in the curriculum policy documents for Business Studies, Guidance and Career Education, and Mathematics.

OCC Economic Opportunity Tours Will Begin in May

The OCC Economic Opportunity Tours are set to begin mid-May. The OCC's first stop will be in Detroit, Michigan on May 17 and 18. Next will be Buffalo, New York, on May 19 and 20. The tours are being held in cooperation with private and public sectors to convey the message that Ontario is a great place to do business in and visit. Additional tours are being planned over the next coming months in Albany, Rochester, Dayton/Columbus, Cleveland and Lansing/Ann Arbor. Information on them tours will be communicated shortly.

If you require additional information or think one of your member companies would be interested in taking part, or being profiled, in one of the stops, please contact Stuart Johnston at stuartjohnston@occ.on.ca or by telephone at (416) 482-5222, extension 232, for further information.

OCC Welcomes Three New Chamber Members

The Ontario Chamber of Commerce recently welcomed three new chambers to its family:

- Dryden District Chamber of Commerce
- Lindsay & District Chamber of Commerce
- Tottenham & District Chamber of Commerce

Upcoming Events

Listed below are some upcoming events that may be of interest to chambers and boards:

- Borders and Trade Development Committee Meeting, April 21, 2004
- Ontario Business Advisory Council with Premier Dalton McGuinty, April 28
- 92nd Annual General Meeting & Convention, April 30 – May 2, 2004
- Health Committee Meeting, May 4, 2004
- Education Committee Meeting, May 6, 2004
- Energy Task Force Meeting, May 12, 2004
- Finance & Taxation Committee Meeting, May 13, 2004
- Ontario Business Advisory Council with U.S. Ambassador Paul Cellucci, May 14, 2004
- OCC Economic Recovery Tours, May 17 – May 20, 2004
- Borders & Trade Development Committee, Buffalo, May 19, 2004
- Victoria Day, OCC Offices Closed, May 24, 2004
- Transportation & Infrastructure Committee, May 26, 2004