

Green, Secure and Accessible A campaign for the future of Ontario's electricity

Ontario at a crossroads

The McGuinty government has important decisions to make about Ontario's energy future. The government has promised to phase-out coal fired power. Nuclear reactors such as Pickering B are nearing the end of their natural life. The proposed Green Energy Act (GEA), the latest vision for a provincial energy agenda, shows promise in recognizing the opportunities in building a provincial "green energy economy" – one that helps meet ecological objectives and provides jobs. Yet there are outstanding questions about the extent to which it will continue to move Ontario down a path of deregulation and privatization in the electricity sector. Meanwhile, the province remains committed to nuclear energy, which is not sustainable.

Trade rules pose risks to ensuring green, secure and accessible electricity

In the past, international trade rules and U.S. electricity sector regulations covered under the Federal Regulation and Oversight of Energy (FERC) had little relevance to electricity planning because Ontario's electricity sector was in public hands. Market-oriented policies introduced by the Harris government have led to more private investment and increased cross-border trade in electricity with the U.S., giving new relevance to these rules.

The North American Free Trade Agreement (NAFTA) and U.S. FERC regulations impose significant constraints on policies affecting trade with the U.S., or the activity of U.S. and Mexican investors in Ontario's energy market. More specifically, NAFTA and FERC rules prevent export taxes or other measures affecting exports to U.S. markets; NAFTA's proportional sharing rules prevent export restrictions even in times of supply shortages; and NAFTA's investment rules (Chapter 11) allow U.S. investors to sue Canada in secret trade tribunals over almost any state measure that impacts predicted profits.

Higher electricity prices in the U.S. make exports an attractive option for the private sector. Already, private companies – many of which are owned by foreign

corporations – do the majority of Ontario's electricity exports. If exports increase, Ontarians will be forced to compete with U.S. markets driving electricity costs higher with potential social consequences. With a growing demand for clean power in the U.S., exports of electricity from renewable resources (such as wind and solar), or its attributes, will be particularly attractive which can undercut provincial renewable use targets.

To the extent that a larger share of Ontario's generation is produced by private firms, certain mechanisms for public control that may moderate supply and price in Ontario will diminish. This means that further market-oriented reforms will put the government's ability to ensure environmentally-friendly, secure and accessible electricity for the benefit of Ontarians at risk.

Nuclear is not sustainable

The government remains committed to maintaining a prominent role for nuclear power, which is expected to supply about 50 per cent of electricity needs. This means billions of dollars for new or refurbished nuclear reactors. Nuclear power poses an unacceptable risk to people and the environment; it is neither clean, safe, peaceful, nor economically sustainable. Nuclear power results in nuclear waste that creates long-term storage and potential contamination issues have yet to be dealt with. Every nuclear project in Ontario's history has gone over budget at significant costs to taxpayers. The Ontario government should revise its intentions to reserve a significant portion of Ontario's electricity grid for nuclear power and start planning for a transition away from fossil fuel and nuclear dependency and support mechanisms for affected workers and communities. Building a green energy economy that meets energy security needs and is truly sustainable comes before new nuclear developments.

A different path: secure, sustainable choices

Interprovincial energy agreements, public and community power generation and improving energy conservation and efficiency measures can help build

a green energy economy with secure and accessible electricity that benefits Ontarians.

Strengthening interprovincial power sharing arrangements

Ontario can benefit from the low carbon emission hydroelectric power of neighbouring provinces and move closer to meeting renewable use goals. Interprovincial power agreements are virtually unencumbered by constraints imposed by trade rules. These agreements are a cost effective alternative to more nuclear generation, but if the Ontario government does not act quickly, these resources will be sold to U.S. markets.

In particular, there are significant economic and ecological benefits for both Ontario and Quebec in increasing electricity flows between the provinces. These benefits can be met without any additional hydroelectric projects in Quebec and take advantage of Ontario and Quebec electricity demands peaking at different times, as well as synergies between wind power, natural gas generation and hydroelectric sources.

Public sector and communities can make a difference

Public and community renewable power generation should play a leading role in creating a green energy economy in Ontario. Municipalities, local electricity utilities, First Nations, individuals and community-oriented non-profit co-operatives offer opportunities for public and community ownership and control that the Ontario government can invest in. There are many benefits of this model including possibilities for focusing on sustainable local generation for local consumption, reinvesting surplus income in local improvements rather than corporate profits and better accountability to communities. It mitigates the risks of trade rules allowing regulatory measures for fair pricing, meeting conservation targets and supply demands in Ontario.

Procurement contracts can also be used by the government to foster more renewable energy generation in the province (as proposed under the Green Energy Act.) Although procurement contracts provide some protection from the risks of trade rules (NAFTA's investment rules under Chapter 11, being an exception), when contracts with the private sector end, power generation remains in private hands and the risks identified apply.

Current electricity planning prioritizes new generation over investments in energy conservation and efficiency. The cleanest energy is the energy we don't have to use. Public education aimed at better conservation practices can play an important role here. Investments in comprehensive retrofit programs for energy efficiency measures – from caulking, better insulation, new windows, fixtures and appliances to increased use of combined heat and power systems that generate both heat and electricity – targeting a number of sectors are essential. Programs that make improved energy conservation and efficiency measures accessible to consumers vulnerable to price increases should be a priority.

Supporting made-in-Ontario clean energy technology innovations (both in the renewable energy sector and energy efficiency) through procurement contracts deploying the technologies in the public sector (examples include government buildings schools and hospitals) is another action area that meets ecological objectives and supports local jobs.

Take action!

Go to www.canadians.org/energy for more resources on plans for Ontario's electricity and opportunities to take action and have your voice heard.

Resources:

Evidence of the Council of Canadians before the Ontario Energy Board, <http://canadians.org/energy/documents/OEBEvidence-CoC.pdf>

BC Citizens for Public Power, <http://www.citizensfor-publicpower.ca/>

Ontario's Green Future: How we can build a 100% renewable electricity grid by 2027,

Ontario Clean Air Alliance, <http://www.cleanairalliance.org/files/active/0/GreenFutures.pdf>

Green Energy Act Alliance, <http://www.greenenergy-act.ca>

Marjorie Griffin Cohen, Electricity Restructuring's Dirty Secret

Clean Technologies will Drive Ontario's Future Economic Prosperity <http://cleantechnologyreport.ca/2009/clean-technologies-will-drive-ontarios-future-economic-prosperity/>

Big nuclear, big problems, Ontario's Green Future, <http://www.ontariosgreenfuture.ca/n1.php>

For more information about the Council of Canadians' energy campaign visit www.canadians.org or call us at 1-800-387-7177.