

January 26, 2006

Premier Dalton McGuinty
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Toronto, Ontario M7A 1A1
By Fax: 416-325-7578
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Dear Premier McGuinty,

Re: Ontario Electricity Supply Mix Public Consultation Process

We, the undersigned, applauded your commitment in the legislature on December 15, 2005, to further public consultation and to a full provincial Environmental Assessment of the Integrated Power Supply Plan (IPSP) for Ontario's electricity system. We are very disturbed by the suggestion of Energy Minister Cansfield that she intends to issue supply directives to the Ontario Power Authority (OPA) by "mid-March".¹ That timeline would not allow for any meaningful public consultation.

We write today to provide additional comments as your government prepares to announce the additional public consultation that will be afforded to Ontarians prior to development of the Integrated Power Supply Plan, and in anticipation of the subsequent Environmental Assessment of that Plan. We include with this letter suggested Draft Terms of Reference that we believe should form the basis for a public conversation with Ontarians prior to the issuance of any supply mix directives from your Minister of Energy to the Ontario Power Authority.

YOUR COMMITMENTS:

As we understand your commitments to the Ontario public, you have promised that:

1. The province will engage in a "full, open and public" consultation with Ontarians regarding the supply mix advice given to the province by the Ontario Power Authority in December, 2005; and
2. that the specific proposal for Ontario's electricity system eventually to be developed by the Ontario Power Authority will be "the subject of an environmental assessment."

You stated that additional details on further consultations are to be provided by the Minister of Energy "in the new year."

We are very pleased that you have confirmed that the Ontario public will have a real say on the questions of Ontario's electricity future. We are concerned that the Ontario Power Authority's advice was prepared with very little time or opportunity for the public to engage in this question of huge importance to our province's future economy, health and environment.

Because of the vast scale and scope of the forthcoming Integrated Power System Plan, and its enormous economic, social and environmental implications for the Province of Ontario, a meaningful public consultation process is an absolute necessity, as you have recognized. A major investment by the province in nuclear energy and other forms of electricity supply figures prominently in the "supply mix advice" provided to the government by the Ontario Power Authority on December 9, 2005. It is vitally important that the need for, and consideration of the environmental and economic risks associated with these options, be fully analyzed in a rigorous and open manner, before final decisions, carrying implications potentially extending over generations, are made.

In our view the public consultation opportunities should minimally include, the following basic elements:

¹ "Ontario plans public talks on nuclear power", *Canadian Press*, January 18, 2006

- A review of at least 120 days under the Environmental Bill of Rights (i.e. an extension to the current deadline for comment on the OPA Report, which expires February 12th, 2006)
- A public Inquiry held by an independent Chair mandated to hear from the public and report on the questions contained in the appended Draft Terms of Reference; and
- A joint-board environmental assessment review of the Integrated Power System Plan, conducted by the Ontario energy Board and the Environmental Review Tribunal.

PUBLIC CONSULTATION ON SUPPLY MIX

To date there has been no meaningful public debate or consultation on either nuclear power or the broader question of Ontario's electricity future.

We would like to suggest that the public consultation on the OPA advice and the question of the supply mix for Ontario should be held by an independent Chair to hear from the public and to report to you the public's views on at least the questions outlined in the attached Draft Terms of Reference.

This public conversation should take place in order to expedite the overall process, to allow the public input to these important decisions and to provide you and your government with important information that you should consider before your Minister of Energy issues any supply mix directives to the Ontario Power Authority. In particular, after public input and a report to you, you may form the opinion that the Ontario Power Authority does not outline all of the scenarios or supply portfolios that your government wishes to consider.

Because of the credibility of the process and the transparency with which it was held, we commend to you the example of the Walkerton Inquiry under Justice Dennis O'Connor. As in the present case, that Inquiry considered questions of considerable public import and the results have led to a widely accepted blueprint for the future of Ontario's drinking water system. Here, as there, independent experts should be retained to conduct reviews on important and controversial aspects of the OPA's recommended plan, with summary reports being prepared on these findings. As in the Walkerton Inquiry, issue-day hearings should be held, with the participation of experts and the public. Funding should be provided for legal costs and studies requested by the commission of inquiry. 'Town Hall' meetings across the province would allow the general public to participate. Transparency would be ensured by posting all presentations to a web site as they are made and allowing for responses from the public. Finally, a report would be made by the Inquiry with recommendations for the government and the OPA.

The appointment of someone with knowledge of environmental assessment techniques to chair this portion of the public consultation process would assist government in moving forward with credible options. We would be happy to provide some suggestions as to persons who would be considered credible and knowledgeable in this area.

FULL PROVINCIAL ENVIRONMENTAL ASSESSMENT OF INTEGRATED POWER SUPPLY PLAN

We welcome your public commitment that after consulting with Ontarians, the Integrated Power Supply Plan for Ontario's future electricity supply will go to a full provincial Environmental Assessment. The specific plan must be tested in an open, transparent forum that allows for public participation, calling and cross examination of evidence, and an analysis of risks, costs and benefits of various options. Designating the plan for review and hearing under the Environmental Assessment Act is the most effective and efficient means of achieving these goals. As you will recall, former Premier Peterson ensured that the Demand Supply Plan developed by Ontario Hydro, which was in many ways similar in scope and direction to the OPA's recommended direction, was subjected to the *Environmental Assessment Act* in 1989. A detailed public examination of the plan before the then Environmental Assessment Board was conducted. We recommend that the Environmental Assessment hearing be conducted by the Environmental Review Tribunal jointly with the Ontario Energy Board pursuant to the Consolidated Hearings Act.

NO REGRETS – CONSERVATION AND RENEWABLES

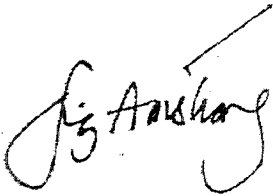
In the meantime, we recommend that, consistent with its desire to establish a 'conservation culture' in Ontario, the government proceed as rapidly as possible on the 'no regrets' options of improving Ontario's energy efficiency and productivity and the rapid expansion of low-impact renewable energy supplies.

CONCLUSION

In our submission, if your government proceeds to make a decision and issue one or more supply mix directives to the Ontario Power Authority based on its advice given to you in December, 2005, and the limited Environmental Bill of Rights comment opportunity thereafter, there is a grave danger that the province will be put at unnecessary economic and environmental risk. This might also lead to the perception that your government is trying to force through a long-term electricity plan to promote nuclear power, while downplaying green energy. Rather, your government should proceed with its decision-making only after more appropriate input from the public, and a more appropriate range of supply mix portfolios is developed to be placed before the Ontario Energy Board and Environmental Review Tribunal.

We would be pleased to respond to any questions that you, your staff or your officials may have regarding our views on this matter.

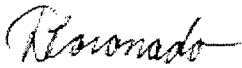
Yours truly,



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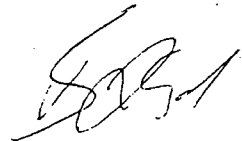
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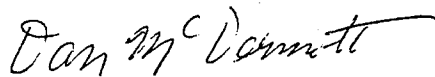
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CC:

- Hon. Laurel Broten, Minister of the Environment
- Hon. Donna Cansfield, Minister of Energy
- Toby Vigod, Chair, Environmental Review Tribunal
- Howard Wetston, Chair, Ontario Energy Board
- Gord Miller, Environmental Commissioner of Ontario
- Jan Carr, Chief Executive Officer, Ontario Power Authority
- Howard Hampton, Leader of the Ontario New Democratic Party

Enclosure: *Suggested Terms of Reference for a Public Conversation/Inquiry on the Future Electricity Supply Mix for Ontario*,
January 25, 2006

SUGGESTED TERMS OF REFERENCE FOR A PUBLIC CONVERSATION / INQUIRY ON THE FUTURE ELECTRICITY SUPPLY MIX FOR ONTARIO

January 25, 2006

OVER-ARCHING QUESTIONS

- What are the public's priorities among competing supply mix options?
- What are the public's concerns with particular options?

HOW MUCH ELECTRICITY WILL WE NEED?

- What impact on the need for generation will arise from the use of recent electricity consumption data rather than assuming electricity consumption will grow twice as fast as recent experience? What impact would arise from assuming that electricity consumption will grow at a slower rate?

COMPARING ACCIDENT RISKS OF GENERATING OPTIONS

- What are other estimates of nuclear accident risks and societal costs for Ontario?
- What are other estimates of accidents risks from other forms of electricity generation and how do they compare?

COMPARING COSTS OF GENERATING OPTIONS

- What are appropriate costs of capital for comparing generation options?
- Should a social cost of capital (i.e. a cost for capital that reflects the true cost to society of the capital) be calculated for the supply mix decision as is traditionally done for public decisions?
- What are the available gas price forecasts and what is the impact of assuming forecasts other than the highest price forecasts for the available options?

COMPARING ENVIRONMENTAL IMPACTS OF GENERATING OPTIONS

- What are appropriate weighting criteria for comparing environmental impacts of various supply options?

COMPARING IMPACTS ON SMALL BUSINESS OF GENERATING OPTIONS

- What is the impact on emerging industries of the competing portfolios? For example, what is the impact on the emerging renewables industry of a small allocation in the supply mix?
- Early commitment to nuclear power through the portfolios as outlined by OPA effectively caps or limits investment in and proportion of renewables and conservation. What alternatives exist to avoid this effect?

COMPARING RELIABILITY OF GENERATING OPTIONS

- The OPA portfolios assume an 85% availability for nuclear plants; what is the actual experience for CANDU's for all years, including those where the plants were shut down for major repairs and refurbishments?
- How do the plans change for alternative costs of capital, performance and capital cost estimates when nuclear factors are based on historic performance are applied?

COMPARING THE ENVIRONMENTAL AND SOCIETAL COSTS OF SUPPLY AND DEMAND OPTIONS

- What are the full range of so-called “external” costs (i.e. those environmental and social costs not normally included in standard financial statements) for the main supply and demand options?

COMPARING HEALTH IMPACTS AND COSTS OF GENERATING OPTIONS

- What are the potential health effects and impacts of catastrophic accidents arising from the various supply technologies assumed in the portfolios?
- What are the health effects arising from routine operations from the various supply technologies assumed in the portfolios?

COMPARING SECURITY ISSUES OF GENERATING OPTIONS

- What is the risk to the public and to a secure electricity supply arising from threat of terrorism or other attacks from the various supply options?
- What is the risk to the economy of significant reliance on a large amount of any one of the electricity supply technologies should the technology or fuel become unavailable or too risky?

COMPARING IMPACTS ON LOW INCOME CONSUMERS OF GENERATING OPTIONS

- What impact on the portfolios does fuel switching (i.e. programs that switch end uses including heating and water heating from electricity to alternative fuels and technologies) provide?
- What alternatives are available for low income families to reduce electricity consumption, switch to other fuels and has OPA dealt with this question adequately?

IMPACT OF DECENTRALIZED APPROACHES ON SUPPLY MIX OPTIONS

- Should dispersed and decentralized community-based and smaller scale generation be given preference due to lower transmission costs and impacts, greater reliability and reduction in system losses? What are these decentralized generation and conservation options? What is the potential for these options?

WEIGHTING TO PROVEN TECHNOLOGIES IN SUPPLY MIX ADVICE

- To what extent should the supply plan be based on untested technologies or on currently available technologies?

LIABILITY FROM WASTE GENERATION AND PLANT DECOMMISSIONING

- What potential liability would arise in the portfolios, above and beyond the current estimates for nuclear waste management and nuclear power plant decommissioning?

LESSONS FROM OTHER JURISDICTIONS

- What have the best and most aggressive strategies and programs achieved in other jurisdictions for particular end-use efficiencies and for renewables?

COMPARING IMPACTS ON CONSERVATION AND RENEWABLES DEVELOPMENT OF GENERATING MIX OPTIONS

- Ontario Power Authority found a much larger technical potential for conservation and renewables than it used in its supply scenarios, based on a concern that conservation and renewables will not emerge sufficiently. What policy choices does government have that would create greater assurance that conservation and renewables would emerge as a major proportion of Ontario's electricity supply?
- What is the potential for electricity use reduction from government appliance and building standards?
- What is the cost of delaying commitments to nuclear power? If time is allowed for aggressive commitment to renewables and conservation, and commitment to nuclear is delayed by various numbers of years, what is the impact? What would be available as alternatives for supply and at what cost in the event that another permanent supply then needed to be developed?
- If an aggressive commitment to renewables and conservation was successful, what would be the savings to Ontario compared to a commitment to new nuclear power?

IMPACTS OF LARGE SCALE ELECTRICITY IMPORTS

- What are the environmental impacts, such as those associated with transmission facilities, from large-scale electricity imports?

