



Legislative Assembly
of Ontario

First Session, 38th Parliament

Assemblée législative
de l'Ontario

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**Official Report
of Debates
(Hansard)**

**Journal
des débats
(Hansard)**

Thursday 11 December 2003

Jeudi 11 décembre 2003

Speaker
Honourable Alvin Curling

Président
L'honorable Alvin Curling

Clerk
Claude L. DesRosiers

Greffier
Claude L. DesRosiers

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LEGISLATIVE ASSEMBLY
OF ONTARIO

Thursday 11 December 2003

ASSEMBLÉE LÉGISLATIVE
DE L'ONTARIO

Jeudi 11 décembre 2003

The House met at 1845.

ORDERS OF THE DAY

ONTARIO ENERGY BOARD
AMENDMENT ACT (ELECTRICITY
PRICING), 2003

LOI DE 2003 MODIFIANT LA LOI
SUR LA COMMISSION DE L'ÉNERGIE
DE L'ONTARIO (ÉTABLISSEMENT
DU COÛT DE L'ÉLECTRICITÉ)

Mr Duncan moved third reading of the following bill:

Bill 4, An Act to amend the Ontario Energy Board Act, 1998 with respect to electricity pricing / Projet de loi 4, Loi modifiant la Loi de 1998 sur la Commission de l'énergie de l'Ontario à l'égard de l'établissement du coût de l'électricité.

Hon Dwight Duncan (Minister of Energy, Government House Leader): I welcome the opportunity, the first time in a very long time, that this assembly has been able to have third reading debate on a bill that has actually been to committee. So this, while not innovative, has certainly not been done a lot in the last eight years.

Our view with respect to this bill is that it provides realistic electricity pricing. We believe it's the right and responsible thing to do. With the proposed legislation, our government is taking, as I said, a responsible approach to electricity pricing that better reflects the true cost of electricity.

The previous government's price cap, price freeze, has contributed to the \$5.6-billion deficit that we inherited from the previous government and has the cost the taxpayers in its first year approximately \$800 million.

That price freeze was simply unrealistic. Ultimately, Ontario taxpayers are paying the price for this bad decision. It would be irresponsible, in our view, for the province and the taxpayers of our province to continue to subsidize electricity consumption because the subsidy jeopardizes our ability to invest in health care and education.

The days of using energy as a political football are over. We owe it to the people of Ontario to ensure our government lives within its means and puts the public interest first.

The NDP have been all over the board on this issue. They're voting against this. We brought forward the

quotes from Mr Hampton in his book and what he said before the election, what he said during the election. We really don't know what they stand for. They try to be, as in most cases, all things to all people. First they didn't want the cap; they voted against the cap, criticized us. Now they're voting against taking the cap off. It's called flip and flop, and that's where they've been, all over the board.

Our plan takes the politics and politicians out of electricity pricing, and we give that responsibility ultimately to an independent regulator, the Ontario Energy Board. The OEB has been directed to assume this responsibility as soon as possible, and no later than May 2005.

Through this plan, we are delivering on our commitment toward fiscal responsibility and fair and responsible government for the people of Ontario.

I'd like to take a few moments to address certain aspects of the bill. First, the consumer protection aspect of the bill and what we believe to be a fair and reasonable solution to the situation that has existed until now.

Consumer protection is the hallmark of our policy. The proposed legislation ensures that Ontario electricity consumers have fair, predictable and stable rates that better reflect the true cost of this important commodity. The plan we've outlined in this bill would protect residential and low-volume consumers from the volatile price spikes we saw in the summer and fall of 2002, when the Tories were in power.

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Remember, the Tories created a situation that threw every consumer in Ontario on to the so-called spot market. This price cap—which was derided by many of their own supporters—of the previous government's energy policy basically began to undo their policy: failure of their policy. By taking this step tonight, we'll be able to create a new policy around energy that will help ensure long-term viability with stable and affordable prices.

As I indicated a few moments ago, the Ontario Energy Board will be the price regulator and will develop a clear and transparent way of setting prices as soon as possible, and no later than May 1, 2005. Electricity prices would be regulated on the basis of what is in the public interest. Even after the removal of the cap, electricity prices in Ontario are expected to be competitive with most nearby jurisdictions, and in fact will remain below that of New York, Illinois, Massachusetts and Michigan.

We are committed through this two-tiered plan to treat consumers fairly and in what we believe to be the public

interest. If the interim price turns out to be higher than the true cost, all eligible consumers will receive a credit on their bill for the difference once the OEB implements their pricing mechanism.

Another part of the bill that we are pleased about and believe is significant that I want to spend a moment talking about is energy conservation. The government's plan would include a strong incentive to conserve energy, which is critical to ensure the sustainability of our supply.

Conservation also makes good environmental sense because it will reduce our reliance on coal-fired generators, which will help us meet our commitment to phase out coal-fired generation by 2007.

The fact that consumers have been shielded from the true cost of electricity has encouraged consumption instead of encouraging conservation. The current price cap would be removed in favour of a pricing structure that will send a clear and powerful conservation message to Ontarians.

Starting April 1, 2004, the first 750 kilowatt hours consumed in any month would be priced at 4.7 cents per kilowatt hour. Consumption above that level would be priced at a higher rate of 5.5 cents per kilowatt hour. A typical suburban home in Ontario consumes approximately 1,000 kilowatt hours per month. Conservation measures could help reduce that consumption level.

Our goal through all of this has been that with relatively modest changes in their consumption patterns, average consumers will be able to absorb at least a substantial portion of the increase that will be associated with removing the price cap. Since the proposed plan would not take effect until April 1, 2004, consumers would have a chance to review their energy use, take conservation measures and, as a result, as I indicated a moment ago, limit the impact of the price change on their bill.

We will be reinforcing our message about conservation in many ways. For example, the government will be taking action to improve its own conservation performance. In the coming weeks, the Chair of Management Board will be announcing a new plan to make a noticeable reduction in the government's overall energy consumption. The Minister of Finance recently announced that the current provincial sales tax rebate for energy-efficient appliances would be extended in order to encourage and support energy efficiency and conservation.

We will also expand efforts to educate consumers about steps they can take to conserve electricity and use other forms of energy, with information designed for households and businesses. To ensure our energy future, the Ministry of Energy and the Ministry of Education will work together to build conservation awareness into the curriculum for our young people in school.

As of March 1, 2005, local distribution companies would be allowed to achieve their full commercial return, but only on the condition that they reinvest the equivalent of one year's worth of these additional monies in conservation and demand management programs. This

represents an investment in new conservation initiatives of approximately \$225 million, one of the largest investments in conservation of its kind in Ontario's history.

As citizens of this province, we all have to take responsibility to conserve energy and protect our environment. This bill is one in what will be many positive steps toward a responsible approach to electricity pricing. Our government realizes that difficult decisions need to be made in order to govern responsibly. Not only will the legislation better reflect the true cost of electricity, it will help us meet environmental goals.

On November 27, Environmental Commissioner Gord Miller released a report in which he applauded the McGuinty government's commitment to phase out coal-fired plants that have a negative impact on our environment. Simply put, without this policy as its predecessor we would not be able to achieve it, but we're confident we will achieve our goal.

This new interim measure will create an investment climate that will better encourage new electricity supply. As new supply comes on-line, we will become less dependent on the dirty coal-fired plants.

The price cap of 4.3 cents per kilowatt hour that was imposed by the previous government was not only irresponsible, it was contributing in a significant way to our inability to create new supply in our province. Our government's plan promotes a safe, reliable and sustainable supply of energy for the future, something that is absolutely essential for further investment in our economy, for the economic development of this province.

It should be noted that the previous government created no new supply of energy in their years in office. Because of the failure to keep Pickering properly maintained, the Tories were forced to take—

Mr Cameron Jackson (Burlington): How can the energy minister make that statement?

Hon Mr Duncan: Which ones? What did you create?

Mr John O'Toole (Durham): On a point of order, Mr Speaker: I think the Minister of Energy should know full well that the province did create new energy.

The Acting Speaker (Mr Joseph N. Tascona): What's the point of order?

Mr O'Toole: I think he should correct the record. He's the Minister of Energy. He should know.

The Acting Speaker: That's not a point of order. Minister.

Interjections.

Hon Mr Duncan: Mr Speaker, let me talk for a moment about Pickering, if the government wants to speak about its record on electricity. Because of the failure to keep Pickering properly maintained, the Tories were forced to take 4,700 megawatts of nuclear power off-line in 1997. These problems are expected to cost us \$3 billion and have put Pickering A years behind schedule. Supply shortages have been a result of this.

Our plan is a major step forward on the energy file, something the previous government was afraid to do, something the previous government couldn't do. As we find out more and more about what went on in Pickering,

the case becomes more compelling that this previous government was a failure when it came to economic and energy policy. This bill tonight that we are finishing debate on at third reading will begin to undo the mess created by the Harris-Eves government.

We are sending a clear signal with this bill that Ontario intends to deal with electricity issues in a practical, sensible and transparent way.

Yesterday, I announced and introduced legislation that provides freedom of information on OPG and Hydro One, two major provincial assets. The previous government refused to do that for five years, since 1998, at the creation of those companies. This will shed light. I know information will be coming forward, and when this information is available it will be of great interest, not only to ratepayers but to taxpayers and to those of us who have debated energy policy over the last few years.

Finally, this plan reaffirms our commitment to modernize our electricity system by attracting new supply, encouraging conservation and delivering cleaner energy to the people of Ontario.

We believe this step, while it is a difficult step, is essential for us to move forward in the creation of energy and in ensuring that we have an adequate supply of energy well into the future.

I conclude by saying that we had a failed policy by the NDP. The NDP raised hydro rates when they were in office; 40%, hydro rates went up under the NDP, a complete failure of an administration. They talk now about closing down nuclear power plants. When they were in office, they kept them going.

Interjection.

The Acting Speaker: Member from Kenora-Rainy River, I'm trying to listen to the debate here.

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Hon Mr Duncan: I had a chance to read Mr Hampton's book. In fact, he even autographed my copy. I'm grateful for that. It's unfortunate that more people haven't read the parts about the need for private sector participation in the creation of electricity in Ontario, most unfortunate.

Interjection.

Hon Mr Duncan: I did buy it. I got it in the bargain bin and I've enjoyed reading it—great reading. I can't wait for the sequel, where they might tell what their policy on energy pricing really is. But for anybody who's interested in what Mr Hampton has to say about private energy—

Mr Howard Hampton (Kenora-Rainy River): On a point of order, Mr Speaker: There will be no need for a sequel. The Liberal energy policy is the same as the Conservative energy policy.

Hon Mr Duncan: I'm referring to the sequel to Public Power, by Howard Hampton.

The Acting Speaker: Minister of Energy, perhaps you can just speak without the book.

Hon Mr Duncan: I apologize. I'm just trying to help sales out.

Page 18 of the book tells how Mr Hampton believes that private energy generation is important to our future. I'd urge all Ontarians to buy the book and read that page, to have a look at what he's had to say about these things and how it differs from what he campaigns on.

In conclusion, it's important for this province to move forward, to get on with the idea of creating a reliable supply of power. This bill tonight is a first tentative step in that process. We look forward to finishing this debate and hearing what my colleagues have to say. But at the end of this term we will have begun to correct the problems created by the previous government, and by the NDP government in the five years before them.

The Acting Speaker: Questions and comments?

Mr Gilles Bisson (Timmins-James Bay): I just want to thank the Minister of Energy for showing Mr Hampton's book. I thought it was great.

Mr Rosario Marchese (Trinity-Spadina): What's the name of the book again?

Mr Bisson: What's the name of the book? Give me the book.

Anyway, I just want to make a couple of points. I thought it was rather interesting—thank you very much. Here comes the book.

Hon Mr Duncan: On a point of order, Mr Speaker: I would have thought the member for Timmins-James Bay would have read the book.

The Acting Speaker: Member for Timmins-James Bay.

Mr Bisson: I just want to say a couple of things to it. It was interesting to listen to the Minister of Energy speak, because if one closed their eyes in this Legislature and just forgot the voice, one would think, "Who is speaking? None other than Mr Stockwell himself." There is no difference in the energy policy at this point between what the former Conservative government was doing and what the current Liberal government wants to do. That's the first point.

The second point: I just think it's rather interesting that every time they get up and speak, they're flashing this book. It is really good reading. It's called Public Power. I just want to read what's on page 18, because what he was referring to says, "I am not ideologically opposed to private power any more than I am opposed to private restaurants, clothing stores or car dealerships. My opposition to private power, especially if deregulated, is experience-based. Ontario's own unfortunate experience only adds to the body of evidence against deregulation and privatization." So it would be interesting to read that whole section to see what it says.

The point to this, I just want to say to the minister in regard to his opening comments, is that we've seen where this experiment has brought us before. I will say today in this Legislature, on December 11, that you can call it anything you want, but at the end of the day what you're trying to do is open the market and deregulate. That will end in disaster the same way that it did for the Conservatives.

Mr O'Toole: I did listen with a great deal of interest to the member from Windsor-St Clair, who is the Minister of Energy. I'd just like to put down on the record that I do respect the Liberal position because, as has been said by the NDP, it's not much different from ours. In fact, the only thing that's different is that they've actually broken the formula. In fact, if I look across at the opposition side, I see members on the other side that I have a lot of respect for. I think of the member for York Centre, the solicitor general for the province, who was on the first committee which dealt with what was called IIPA, the independent integrity operation—NAOP, the nuclear asset optimization. Monte was the Vice-Chair of that committee and served along with Sean Conway. These were very knowledgeable contributors to the long-standing debate and discussion on the very important policy of public power.

A lot of things will be said. I'm certainly staying here tonight until midnight if at all possible. I'll speak for most of that time. But what I am looking forward to is, the member for Burlington, our energy critic, has looked deliberately at this file. He has found a series of frailties—some would say obfuscation, if I may use that word—obfuscating some of the facts. The transition fund that was set up was a four-year fund. And unless the members on the other side, the newer members especially—especially those with no understanding—would know that the four-year plan has been interrupted—and it's a serious frailty in that the opposition, the government now, then opposition, voted for this. They knew at the time, with Sean Conway, and Monte Kwinter, who's now at the cabinet table—Sean certainly would have been the energy minister. In fact, it's my understanding he may even be a board member. He should be a board member of the new IMO or, I would say, Hydro One or OPG. I would support it, I say to the minister directly. But I'm waiting for the member for Burlington, because he has much to add and many questions that remain unanswered, and the Minister of Energy hasn't told the people the facts.

Mr Hampton: I'm pleased to have these two minutes. I just want to compliment the energy minister on his careful recitation of Chris Stockwell's speech. I can remember being in this Legislature—in fact, I can say that he has obviously read Norm Sterling as Minister of Energy, he has obviously read Jim Wilson as Minister of Energy, he's obviously read Chris Stockwell as Minister of Energy, and John Baird as Minister of Energy. He has succeeded, over the last couple of weeks, in replaying the very speeches they gave.

Let me give you one example. The minister says that by doing what he has done, increasing the retail price of electricity, he's going to attract new supply. Well, that's what Chris Stockwell said; that's what John Baird said; that's what Norm Sterling said. That's what Jim Wilson said over and over and over again. And what happened is that, yes, the price went up, but the Brascans and the Sithe Energies and the Enrons said, "It's got to go higher."

I'd just say to the minister, very soon those same companies will be coming back to you, and they'll be saying to you, "Yeah, well, getting up to 5.5 is good, but we need to see it up to 6 and 6.5." They are going to be constantly at your door, saying, "Get it up there higher." I urge you to talk to Mr Baird and talk to Mr Stockwell and talk to Mr Wilson, because that was their embarrassing experience, that the very same private energy companies that said, "Oh, yes, we'll do the supply," were constantly lobbying for a higher price.

But I will say one thing. I think that, following your speech added on to their speeches, there's definite potential for wind energy in the province.

Mr Wayne Arthurs (Pickering-Ajax-Uxbridge): Mr Speaker—

Mr O'Toole: Tell us all about Pickering, Wayne.

Mr Arthurs: I could talk about Pickering, but we're going to talk about the—

The Acting Speaker: The member for Pickering-Ajax-Uxbridge. Just wait until I recognize you.

Mr Arthurs: Thank you, Mr Speaker. Just a few things: In the summer of 2002, we saw high demand, we saw price spiking, we saw a lack of local supply. We didn't have the nukes operating in a substantive way. During the course of that summer and into the early fall, the government of the day reacted, or overreacted, in freezing the rates. Those frozen rates haven't generated any particular interest in the consumer in modifying their behaviour whatsoever at this point in time. Clearly the sustainability of this situation can't go on. We have \$800 million a year in debt. The members opposite will suggest that it's not there, that it's some other figure. The reality is, that's what it is. Over four years—they were projecting a zero number in four years—\$800 million, that's \$3.2 billion in additional debt at that time, and still nothing would happen with consumers to encourage them in any way to modify their behaviour in a substantive way during that period of time. As a matter of fact, if in effect the rate freeze stayed on for an extended period beyond next April, when it came off the situation wouldn't be better; the situation would be substantively worse.

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We've managed to shield the debt. We've shielded the real cost. It's a consumption-driven environment that we're in rather than a conservation-driven environment. We still don't get it about leaving lights on all over the place—our kids don't get it. We don't still get it about running three and four fridges. We still don't get it about having the air conditioning on at lower rates for hours on end, when we're gone. Even the blackout showed that.

There's a need to make these adjustments now to put a sense of reality into what's happening in energy in this province and in the country—in the world, for that matter—and drive consumers to an agenda where they have to conserve and begin using energy in a far more responsible fashion.

The Acting Speaker: Response by the Minister of Energy.

Hon Mr Duncan: I'm pleased to respond to the members who responded to my speech. First of all, to my colleague Mr O'Toole from Durham—

Mr O'Toole: Oshawa.

Hon Mr Duncan:—Oshawa, Durham, I'm sorry—he didn't address my speech. He wants us to listen to Mr Jackson, which is fine. I say to him that your government's policy failed. It added \$800 million to the provincial deficit; it did nothing for conservation; it did nothing but set back your own efforts on creating supply.

Mr Hampton, the member for Kenora-Rainy River, waxed on about how I was continuing the policy of the previous Tory government. In fact, this bill is undoing that government's policy, and this is a first step.

The second step we took was applying FOI—that is freedom of information—to OPG and Hydro One. We're also going to have disclosure of salaries over \$100,000. Those, admittedly, are small steps. We have replaced the senior executives at OPG. We have put in an interim board, chaired by Mr Jake Epp.

Again, those are just the first steps at what is essentially a process to undo the policies of the previous government. I would remind Mr Hampton that in his regulated market, when he was a member of the government of Ontario, prices for electricity went up 40% before they put a cap on. So I need no lessons from Mr Hampton about the price of electricity and what this bill, and what we, will do to the price of electricity. One thing I'm confident of is that prices will not, as a result of this bill, go up 40%, the way they did in Mr Hampton's utopia of a regulated market.

To my colleague from Pickering, I appreciate his words, because he focused on conservation. In 1993, the chair of then-Ontario Hydro suspended all demand management programs at Hydro—that is, conservation initiatives—right after the price had gone up 40%, of course. I guess they felt that that was adequate conservation incentive, but that's not a conservation policy at all, as Mr Hampton pointed out in earlier debates in this House on this bill. We have provided for \$225 million toward conservation that will kick in in the next two years.

This bill is a responsible approach that changes the direction of energy policy in this province and will help improve this province's economic viability in future.

The Acting Speaker: Further debate?

Mr Jackson: I'm pleased to be able to comment this evening on behalf of the official opposition with respect to Bill 4. At the outset, I wanted to set the context for this incredible piece of legislation that nobody in Ontario anticipated—not one single citizen—maybe with the exception of the soon-to-be Premier, Dalton McGuinty. Clearly he must have known he was going to break this promise when he was promising Ontarians before October 2 that he'd leave the cap in place, that he wouldn't lift that cap, because, as he said on many occasions, people needed protection, consumers needed protection, so he would leave the cap in place until 2006.

Canadians have come to appreciate some of the largest political lies in Canadian history. We know the GST is one.

Mr Bob Delaney (Mississauga West): On a point of order, Mr Speaker—

The Acting Speaker: Member, I think you should withdraw that.

Mr Jackson: I will withdraw. I should have been rather more specific with respect to federal Liberal—

Interjection.

The Acting Speaker: Just one moment. If you're going to raise a point of order, please be in your seat; it's for the new members.

Mr Jackson: I am going to be sharing my time with my colleague from Durham, for the record. Let's see, where was I? I was talking about some of the most famous federal Liberal fibs in Canadian history. The fib about the GST: "We're not going to implement a GST." The other fib about free trade; the western energy agreement: These are classic cases in Canadian history.

Mr Delaney: On a point of order, Mr Speaker: "Fib," "fibber" and all derivatives of them would appear to be in violation of four clauses of the rules of debate in the standing orders.

The Acting Speaker: Member, I think you indirectly have said that.

Mr Delaney: I quote from two universally—

Interjection.

The Acting Speaker: Member, I think you should withdraw that also.

Mr Jackson: I will withdraw it, but this House has already ruled on the fact that it's not naming a specific member of this House or of this Parliament. In fact, the notion of a fib has already been put on the record at least five times since this Parliament has come back. It hasn't been attributed. I'm certainly not attributing—

The Acting Speaker: For the record, let's not speak that way. We can just continue.

Mr Jackson: Well, a broken promise, a breach of trust, a breach of faith with the voters—the point I'm trying to make here is that everyone in this province was shocked and dismayed to learn that this government, with a majority, wasn't even waiting a year, not a couple of months, not a couple of weeks but a matter of days before it broke one of its most significant promises. We relied on the honesty and the integrity and the word of a future Premier.

I have a quote here. I referenced it earlier in the House today. It's Dalton McGuinty on the Bill Carroll Show on CFRB on November 13, 2002, speaking about the need for the existence of a rate cap.

Question: "If you're elected to the Premier's office tomorrow, Mr McGuinty, what do you do to fix the hydro situation as it is today?"

McGuinty: "First of all, we have to maintain rate relief for consumers. I have had the terrible responsibility to raise horror stories in the Legislature, people who have been put ... in a desperate position because they simply can't afford to pay their hydro. So we've got to maintain rate relief for our ratepayers."

Breaking faith, breaking their word, breaking their promise to 1.3 million ratepayers, individuals in this province who pay their hydro every month.

We had to listen to the reason that they had to break this promise. The reason they say they had to break this promise and break their word with the people of Ontario was that it was an absolute shock to them that the rate subsidy produced by the cap was a shocking \$800 million. Now, I want to correct the record, and the minister will be able to do that if he wishes. He said \$800 million in its first year, and that is not correct, sir. Your own staff supplied me with information yesterday that confirmed that the rate was \$655 million in its first year, and in its second year to date it is \$100 million. That is information supplied to a legislative committee yesterday, and the Chair of that committee is present in the House today.

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But this was a manufactured deficit. This is a manufactured number by the highly paid, private sector consultant Erik Peters. He's not a public servant any longer. He is not unlike the many consultants that the Liberals said they would get rid of because they are former civil servants but now they're in the private sector, getting rates much higher than when we compensated them as civil servants.

That manufactured deficit implied that taxpayers were going to have to subsidize hydro rates in each and every one of the next few years leading up to when the cap comes off in 2006, to the tune of about \$800 million. This is a fallacy. To suggest otherwise would be misleading, because the facts are very clear: The year-to-date expenditure for this fiscal year, for the cap at 4.3 cents per kilowatt hour, is about \$100 million.

As I said earlier in the House today, this government this week increased taxes in the province of Ontario by \$800 million. They clawed back from senior citizens about \$450 million, yet they would begrudge \$100 million to provide the stability, predictability, to hydro rates until the year 2006, when we can have in place, as a province, a proper management plan, a plan that deals with meaningful conservation; a plan that empowers consumers so that they have the technical tools in order to reduce their consumption. Time-of-use metering—it's a fallacy for consumers to think that by using electricity at midnight they're somehow saving themselves money. They're not; it's a blended rate. They still pay the higher rate regardless of what time of day they use electricity in their home. Until we provide them with this technology, until we empower consumers with that, they cannot be the instruments of their own public policy objective of them being able to reduce their energy consumption. So they are powerless. The only power they have is the right to pay higher rates for energy, which, as I've indicated earlier, are somewhat unnecessary given that the mitigation plan brought in by our government is now costing taxpayers about \$100 million a year. This is sustainable in a budget of over \$70 billion to pay for all the services in the province of Ontario.

So we on this side of the House reject completely that—this is nothing less than a manufactured deficit based on fearmongering and an erroneous assumption that we cannot sustain \$100-million rate protection for energy consumers in this province.

The minister says that the purpose of this bill is to lift the cap and move energy prices closer to market value, and that consumers will be protected because it'll be more predictable. I can tell you, it's a lot more predictable on your budget today in Ontario if you're paying 4.3 cents than it is going to be, paying 5.5 cents per kilowatt hour.

But you see, this bill goes further than that, even though the minister doesn't speak to that. It isn't just about that half of a consumer's energy bill that deals with the price of energy; it deals with the other half of a consumer's energy bill. Generally speaking, half of your hydro bill is for the energy you consume. The other half is for about nine different items, including debt service, paying for asset management, paying for the profit for the local distribution company—a whole series of charges. It's on that half of the bill that this legislation will increase costs to consumers in this province over the next four years, in excess of \$1 billion. That's over and above the increased rate to 5.5 cents per kilowatt hour.

By March 1, 2004—and make no mistake; this is only two and a half months away—every local distribution company in this province will be able to begin the charging of consumers, over a prescribed period of time, \$750 million for previously approved Ontario Energy Board expenses.

Now, our legislation, from the Conservative government, froze those until 2006. The Liberals are saying, "Do you know what? You need your profit. You need to be able to jack up your rates. You need to be able to get compensated for some of your expenditures." But that's not all. This bill says that by March 1, 2005, we are going to guarantee that all these local distribution companies receive their fair rate of return on investment, which is almost 10%. This is incremental revenue. This is repeating itself every year. This isn't just a one-time expenditure. That's a quarter of a billion dollars and accounts for three cents per kilowatt hour. So rather than the increase of some 30% that the rate is going up, from 4.3 up to 5.5, you're adding another five cents to cover off this billion dollars of increased expenditures that will appear on people's hydro bills.

The minister made reference to and seemed quite proud of the fact that this bill had public hearings. I guess you can say having three hours and six people making the long trip to Queen's Park to speak to a committee of the Legislature constituted a public hearing. However, what concerned me is not the fact that there were so few people and so little time; it's that the recommendations being made by the people who saw fit to come and speak to us as legislators were not being followed and were not even being listened to. The minister has put on the public record that he has instructed his MPPs on the standing committee on justice and social policy, charged with the

responsibility of dealing with Bill 4, the energy bill, not to bring forward any amendments.

I felt compelled to bring forward at least a few of these amendments which came out of the public consultation process. In other words, if you're going to have public consultation, it must be because you feel there is some way of improving this bill. Now, I want every Liberal member in the House tonight to ask yourself, even if you didn't know anything about energy, what area you would look to in a bill to determine if it could be strengthened. I submit to you that that is probably the area the minister himself says this bill purports to strengthen, and that is consumer protection.

If that is so, why then did the Liberal members of the committee specifically vote down amendments that would protect consumers in this province? I'll give you an example. This one really upset me, because it's a principle of fairness. Many members of this House have constituents who live in apartment buildings. Under the government's plan, there is a break, a discount, at 4.7 cents up to 750 kilowatt hours of consumption in a given month period. If you live in a 100-unit apartment building, then obviously that building is going to be consuming energy totally at the higher rate. So we proposed, with an amendment, that if there are 100 units, you should divide that energy bill by 100 and give every single tenant in that building the discounted rate before the higher threshold of 5.5 cents kicks in. This would save consumers costs that were unnecessarily borne, it would be fair, it would be reasonable and it would be a decent way to proceed. But no, the government rejected that. They completely rejected it. This has applications for persons in retirement homes, for persons in nursing homes; it has applications for a whole series of people in society who don't have the benefit of individual metering but who have to pay for their hydro.

There are other examples. The Ontario Federation of Agriculture presented in a very informed and precise way. In fact, Ontario farmers stand to have to pay increases of upwards of \$50 million as a result of this rate increase. They are using, my colleague from Durham tells me, as little as 4% of the energy in this province—or is 0.4%, John?

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Mr O'Toole: It's 0.4%.

Mr Jackson: It's 0.4%, yet this rate increase just for that small portion of the market is going to amount to \$50 million more. Farmers do not consume energy during the summer months. They do in the winter, to keep their livestock warm, but in the summer months they don't. Yet they're being punished by paying higher distribution rates, higher transmission rates and now higher rates they have no means of recovering.

The government went through the charade of a public hearing but refused to acknowledge—I won't have the time this evening to read into the record what the comments are, but I thought one of the most cogent arguments put forward—in fact, it wasn't an argument, it was a plea by the Canadian Association of Retired

Persons. They indicated that the act should be amended “to include poor and low-income seniors in a category of ‘designated customers,’” and that they should be charged the current basic rate “regardless of usage and time.” CARP went on to say that specific conservation plans should be developed for seniors considering health implications and other relevant conditions, and the pattern of electricity usage for seniors should be examined, as it could vary significantly from average pattern uses. Earlier today, I brought to the attention of the House a quote of the then Leader of the Opposition, Dalton McGuinty, saying these were tragic stories and, “We would protect vulnerable people and that's why we would keep this cap and this is why we have to honour it.”

I have a letter here from a family in Woodstock. The gentleman writes to me, “My wife, Elizabeth, has COPD (chronic obstructive pulmonary disease which includes chronic bronchitis and emphysema). Elizabeth requires oxygen 24 hours, seven days a week, combivent inhalation pump treatments six times a day and an air purifier system runs in her room at all times.” This is what keeps this woman alive.

“There is no possible way that I can get my hydro usage down to 750 kilowatts a month. For the last 12 months my average kilowatt reading has been ... 1,400 a month. The medical equipment used for my wife's disease is a necessity and we cannot cut back.”

The letter goes on to explain how difficult this is going to be for these two senior citizens on a fixed income. And we have a Minister of Energy who refuses to listen to this family from Woodstock, to thousands of families in this province like them. Oh, they were very clear prior to October 2. I know exactly what Liberals wanted to say to vulnerable people in this province. Here's what the energy minister today said: He accused our government of abandoning working families and seniors on fixed incomes in favour of corporate profits. And now we have a minister who's saying, “You know what? We've changed our mind. We really don't think consumers need protecting. In fact, it's those poor local distribution companies that have been crying and whining about the billion dollars they didn't get. You know what? The half of the energy system that's paid for by consumers in this province, you're going to have to cough up a billion dollars so that we can ease their corporate pain.” But it's doing nothing for the Hawkins family in Woodstock.

It's unbelievable, comments before and after October 2; it's hard to believe they were even talking about hydro at all.

This is another issues here: What is the government's real agenda? That's a legitimate question because this legislation has hidden within it various clauses and sections which empower the minister—it embodies within him a tremendous amount of power to increase rates and to provide the kinds of benefits to the energy sector that they have been very clear in seeking.

Recently, the minister was quoted in the paper, talking about his recent appointment of Jake Epp to take over as

interim leader of OPG. The Minister of Energy, some time ago when he was in opposition, spoke about—not to privatize elements of hydro. Yet now, as the minister, he's commenting here very clearly: "There's a long history of private generation. We want to make sure we have an attractive investment climate" for them. It's in today's Toronto Star.

So if the real agenda here is to be able to privatize our nuclear facilities, to privatize the construction of new natural gas, then the government should come clean and tell us that is their real agenda. But they are setting in place a foundation that's predicated on one simple premise: Someone has to pay, and you know who that's going to be? The consumer. They're not paying for the raw price of energy; they are paying, in addition, a whole series of expenses and portions of their bill that deal with making it more profitable for that investment to come in and to buy up publicly held hydro assets in our province.

We believe fundamentally on this side of the House that the cap should remain in place at least until 2006, until appropriate planning is put in place to ensure that consumers are protected and that small business is protected. We've established, through information we received from the Ministry of Finance, that the true cost of the cap in this fiscal year will be about \$100 million-plus, not the \$800 million that the minister misspoke in the House a few moments ago.

We had a very aggressive green energy plan, and what I find interesting is, there is not one reference in this bill to green energy or to the production of green energy the way our government's action plan spoke very specifically to green energy. Not only did it have an aggressive plan, it included tax incentives.

I've asked the minister, in committee hearings, "Are you planning to bring forward any of the tax incentives in your tax bill?" "No, we're not." "Are you prepared to bring in energy conservation tax incentives in your energy bill?" He said, "No, we are not."

This is an opportunity lost. Every day lost in this process further separates us from an aggressive green energy program in our province.

We also need time for the local distribution companies, which, for the record, are pre-eminently owned by municipalities. In my opening speech on Bill 4, I referenced the fact that the city of Burlington, where I come from, was given the local public utility. They took \$10 million out of it, they sent it over to the city, and now the city was owed \$10 million by the local utility—which they own. Then they ran down the street to the Ontario Energy Board and said, "Would you please give us permission to raise the rates of hydro for every Burlington customer, because, you know, we have this debt we have to service?"

This is a quarter-of-a-billion-dollar issue for local distribution corporations all over this province, and I think consumers and taxpayers need to be engaged in that discussion. I know for myself, in Burlington, if I'm going to pay that kind of money, I'd like my local utility—which, apparently, I own—to say to me, "You know,

Cam, here's a way that you can actually, in reality, lower your energy consumption if you employ certain changes in habit and so on." But the technology and the metering isn't available.

The Conservation Council of Ontario and several others who presented to the committee a few days ago pointed out that the whole paradigm on which energy pricing is established in this province is: The more you consume, the more profit you make. So there's no incentive built into the system in order to have people chill their utilization and therefore save money. That was Mr and Mrs Hawkins's point. There's nothing they can do to lower their consumption, unless you give them the kind of metering so that they can lower some of their consumption through varying the time at which they actually use—in other words, be able to use power at cheaper times of the day.

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But the government isn't offering any of this, nor is it saying to municipalities that own utilities, "Here is the prescriptive way in which you must spend a quarter of a billion dollars on energy conservation." I asked the minister this question. I said, "Where are the guarantees in the regulatory requirement to force this to be spent on real conservation?" For example, they may decide to take all their utility trucks and the local utility manager's leased car and convert them to propane gas. That would be an energy conservation. It would help their profitability and lower their bottom-line costs, but in no way is that helping me as a consumer in Burlington to lower my hydro bill, nor is it helping the Hawkins family cope with the fact that they have life-sustaining medical equipment in their home that consumes a significant amount of energy.

We believe that by 2006, with an aggressive green power strategy, with wind power, with cogeneration, with using farm waste for thermal power—there are so many innovations out there that we could be promoting and encouraging with tax incentives, with discounts. All manner of approaches have been used around North America. Did this government bring forward one single recommendation in this legislation? Not one.

Why we will not vote for this bill is because its first order of business is to increase the profitability of a whole group in the hydro sector by \$1 billion. That's why we'll be voting against this legislation: because consumer protection should be first and foremost; because consumers should be empowered with tools, and the government should protect consumers by prescribing these codes of conduct to the distribution companies and providing tax incentives or whatever. They are now corporate creatures. They're paying hundreds of millions of dollars in taxes to the Ontario government. That isn't what this bill does, but that's what this bill should be doing. That's what this government should be doing. Instead, they broke faith with the people of Ontario. Instead, they said one thing on their way to an election and maintained that steadfast position. Premier Dalton McGuinty looked into the camera on the night of the

debate, on television interviews, on radio interviews and said, "I will not remove that cap"—and this is his motivation—"because consumers, seniors and vulnerable people need protection." That's what he said. Days after becoming the Premier of this province, after people like the Hawkins family in Woodstock believed in what he was saying, he let go of their hand in Main Street, Ontario, on his way to making sure that the promises he made to his friends on Bay Street would be kept.

He has referenced the profitability of hydro: "It must become very profitable, or else we'll never guarantee new supply." I firmly don't believe that to be true. I know my colleague from the New Democratic Party will be speaking, and he firmly does not believe that one necessarily follows the other.

It strikes me that, given the evidence that Ontario has enjoyed a great hydroelectric system in this province, it has brought us tremendous prosperity. I do not believe that increasing prices and increasing fees to consumers at this fragile time for this public utility is the right course of action. I consider it a reckless course of action. This government, with its majority, will have four years in which to prove whether their course of action was true or not.

I do know that in the spring we'll be looking at a budget. In that budget will be the explanation as to what the Tories' 4.3 consumer protection cap was costing taxpayers. You will find that that is about \$130 million.

Hon Gerry Phillips (Chair of the Management Board of Cabinet): Oh, I don't think so.

Mr Jackson: The Management Board chair says he doesn't think so. Well, I have a document that I received from your Minister of Finance's department. For the nine-month period year-to-date you've spent \$99 million. Now, I don't challenge the fact that your paid private consultant, Erik Peters, reported to the media that he saw a report that was almost a year old that suggested that this year's costs might be \$293 million.

The day the minister tabled the legislation, the media asked the question, "How much will the mitigation strategy cost this year?" He didn't have an answer. I asked him for an answer, and his staff, with the assistance of finance, was able to come up with that number. In its first year, it cost \$655 million. We paid that bill. The government of Ernie Eves paid the bill, we balanced the books and in fact we actually paid down a little of our debt. It can be done. But our motivation was to stabilize prices, to truly protect consumers and to build an open strategy of how to resolve the challenges in pricing hydro in Ontario. This government has taken that process from the front burner and put it into the backrooms of corporate Ontario for them to resolve with their billion-dollar increase just how they're going to come up with new pricing for hydro in our province.

So I will not be supporting this legislation. I will not be subjecting seniors and others on fixed incomes to this. As members who are not new to the House will recall, I was one of the first members to call for a cap. I was one of the first members to identify that we needed an

environment in which to stabilize rates so that we could begin planning in earnest to manage the energy challenges in this province. But our motivation always should be to protect consumers who are the most vulnerable in our society. I was proud to support legislation that did that; ironically, so did every Liberal member, including the Minister of Energy and the new Premier, Dalton McGuinty. It was interesting: The reason the Minister of Energy, Mr Duncan, indicated in a letter as to why he was going to vote for our 4.3-cent cap was—and this is what he said in his letter—"We will not force ratepayers to be victimized by partisan politics." That was before October 2. After October 2, we can see this government has broken its trust with the citizens of Ontario.

Mr O'Toole: It's a pleasure to follow the member from Burlington with what little time is left.

Mr Garfield Dunlop (Simcoe North): About 26 minutes.

Mr O'Toole: Actually, there's much to be said. I think it's always important to start at the beginning and to display how little, really, most of us know about this topic. But it is an important topic and I think a really good, important primer on this thing for all members here, including Ms Cansfield, who takes great interest as the parliamentary assistant to the Minister of Energy, and I'm sure she'll do a wonderful job.

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I think this is a great quote—it's from the 1996 annual report of what was then Ontario Hydro, which I'll cite after I'm completed. "We've been in business since 1906. We have been pleasing and displeasing the public ever since. We have been 'cussed' and discussed, boycotted and investigated, talked about, lied about, hung up, held up and robbed. The only reason we are staying in business is to see what is going to happen next." That was Sir Adam Beck in May 1922. So this has been a controversial issue.

The idea of power at cost is really a false formula, because fundamentally it's an economic tool. We want to have industry which needs power. If you look at the overall concept at the very beginning of this, about 50% of all the power is in the economic discussion. You might say there's a requirement to have a reserve capacity in the system of about 20%. If you took the total usage of about 26,000 megawatts of power and you took some formula of 10% or 20%, you'd end up with about 5,000 megawatts of power sitting there waiting to be used. Well, about 5,000 megawatts of power represents probably anywhere between \$8 billion and \$15 billion. So you'd have some capital asset—owned by who?—sitting there doing nothing in the event there was a very cold or very hot day. All the conditions would have to meet like some sort of matrix. In the ideal circumstances, though, you'd use the full capacity of the system.

If you really understand it, you have to look at, I believe, in the same report—and these are fundamental documents. For all of us to grapple with this very important discussion is to start with the size and magnitude—there's 306 municipal utilities, there are almost three

million customers, there are 103 large direct customers, and they use 50% of all the power anyway, and they aren't covered by the 4.3 rate or the 4.6, they're not covered by the rate—50% of all the consumption has nothing to do with this discussion, this residential and small business. That's why when I've heard other members speak they don't know what they're speaking of. And that's only through inexperience. I didn't know either until I sat on a number of committees and was taught by, in many cases, civil servants and experts that do this for a living.

The Ontario hydro system includes 69 hydraulic stations—that's water generation—five nuclear stations, six operating fossil fuel stations. The demand contribution of this in 1996 was that 54% was nuclear, 13% was fossil—that's coal, natural gas and oil—26% of the generation was hydraulic and 7% from other sources. There's been much said about the other sources, looking forward: wind and photovoltaic and biomass and other forms of generation. But after all of 1996 and 1995, it has been said by the Minister of Energy that if you look even further back, look at a decade of argument, as has been pointed out to the leader of the NDP here tonight, really this started during the NDP government, about 1993. I can cite in their financial statements; it might be helpful to people.

If you look back at the five-year annual financial operating plan, you see the beginning: the overruns with the Darlington plant, the stop-start again. It wasn't all a problem of design, it was your operating, it was bringing into service—they started to pay taxes the moment they turned the station on. You'll see here in 1992 they actually had an income of \$312 million. They got whacked in 1993; that's the first serious sign of problems, this \$3.6-billion corporate write-off that year—serious problems. There was an agreement then to freeze the rates. Government was subsidizing the rate directly—no question about it. Policy discussion—arguably, we continued it. We didn't unfreeze the rate.

So if the costs are going through the roof, which we all knew they were, and you're freezing the revenue line, you're creating debt. It's a deferred payment plan. You went into the 30-year mortgage plan. If you look back even further, the first sign I saw was in the 1995 annual report, as a footnote in their financial statement, where they changed the life expectancy of a nuclear plant, which was then going to be 25 years, to 40 years. They spread the capital debt, instead of over 25 years, the expected life of a nuclear plant, to 40 years. Guess what that did to your mortgage? It's like getting a second mortgage. It made the debt look as if it was manageable.

But if you look at the annual reports, and they're the best source of real, honest, audited information, they in fact show the growing debt. It talks about the stranded debt in some great detail. In fact, there's a whole section here in the 1997 report—section 19, page 67—“Industrial Changes and Stranded Debt.” It was no surprise that the Macdonald commission came along. If you don't look to the history here and think you're going to solve this—

I've got documents that are available to you. They're not mine; they're public documents. Your plan to eliminate coal? Good luck. There's not one expert who says you can do it. You may want to do it. I want to do it. But how are you going to replace it? You're going to have to buy the power, and if you're going to buy the power, you're going to pay for it. You're probably going to buy it as peak power from Ohio, which is dirty power.

Mr Lorenzo Berardinetti (Scarborough Southwest): Windmills.

Mr O'Toole: Yes, wind generation. Yes, you got it. Pay attention, because there's a lot more on wind generation. You'll be lucky on the renewable portfolio standards, which we approved, by the way, to get about 4% of your generating capacity out of wind. I believe there's a lot of room for growth. In fact, the highest renewable portfolio standard in the world—it might surprise you, by the way—is actually Texas. George Bush is the former governor. Can you imagine? They have the highest RPS—the renewable portfolio standards—in Texas.

Under this 1997 report that I'm referring to, I think it's important to start here and say that in Ontario, in common with many other government public utilities, the development of this asset base has resulted in a highly leveraged financial structure of the corporation. Hydro recognized that its existing debt load is too great and that it is over-leveraged to compete in future restructured markets. In fact, in the white paper on directions for change creating competition, it clearly indicated that they had a stranded debt of about \$16 billion. What they had to do is restructure the debt equity picture. They could never have gone public. There was no money in it. They knew, everyone knew—in fact, Mr Phillips and Mr Kwinter, both of whom appeared on these committees. Mr Kwinter was part of the IIPA, the independent assessment which resulted in the NAOP, the nuclear asset optimization plan. I hate to use these acronyms. The other member on the committee was Sean Conway. As I said earlier, I have a great deal of respect for him. He knows a lot more than I do about this topic.

But it's important to look to the history here. That's really the point of my figure here. Everyone who was even closely paying attention knew that this was an economic tool of government policy. It had accumulated huge debt, huge overruns. In fact, if you even look at the current discussion in the Toronto Star, which I don't read normally—they give it to me free now. Even when it's free, it's too much. It's over the top, but it does have some context that I think is worth reading, so I do read it. In fact, I think a lot of the points they make—and they've made many of the same arguments, even though the subtlety of it all, part of it could be an anti-nuclear argument. But what are you going to replace it with? That's the argument. As I said before, about 60% or 70% of our base load is nuclear.

Nuclear, by the way, is not a peaking generation fuel source. It's either running full out or it's out. The peaking power is going to have to be natural gas. Look at the futures—unaffordable. I've got reports here from finan-

cial investors that know that natural gas cogeneration is out. Futures on natural gas—out of the question. So get ready, Duncan; you've got to read all of the analysis here. I don't profess to only read what others write, but I do read it. If you go natural gas, you think power is expensive now? Good luck, because there are capacity delivery problems, there are capacity storage problems, and there's a huge demand in the American market that will pump the price up, because it's all New York-based pricing. The mercantile exchange sets the price, not Canada. They'll buy it all. They've got the interconnects bid.

I think one of the more important and more neutral points that I could discuss in the very few minutes that were left to me to speak by my good friend from Burlington, who has probably gone home now—

Interjections.

Mr O'Toole: He's probably gone home to study further on this issue.

I guess my thesis is the report—

Interjection.

Mr O'Toole: No, he's probably watching on television. He wants to get a real copy of this to study.

The select committee on alternative fuels did a lot of work. I see one of the ministers of the government here today who served with great diligence and great contribution—I'm not surprised she's in cabinet, actually—Mrs Bountrogiani, who was the Vice-Chair of that committee. I know the work she contributed formed a great basis for her then becoming a minister. With the responsibility she has today, she's going to need the experience.

2000

Anyway, it was chaired by Doug Galt. It was an all-party committee. Jim Bradley was on that. I'm surprised he's not the energy minister right now. Ernie Parsons—I'm surprised he's still here. Anyway, there are other members here. Marilyn Churley was on that committee as well. That committee actually made a number of very strong recommendations. It was a unanimously endorsed report, as I understand it, with 141 recommendations.

The whole point of mentioning this in the context: Much of the debate we're talking about had already started. I've tried to point out that it started about 1993. Then there was a formalized commission, the Macdonald commission report. I spoke with Floyd Laughren, and Floyd told me they knew the gig was up. They knew it; they were haemorrhaging ideas. To anyone here that presumes this is a uniquely Liberal idea, I would say all governments are part of the problem and all governments are part of the solution. I think that all-party committees I've sat on—I've referred to the NAOP committee, the nuclear asset optimization plan committee; excellent committee, excellent membership—a great deal of work was done. As well, I've just mentioned the select committee on alternative fuels, an all-party committee. The work they had done set the very basic foundation.

I want to go on to say a couple of more things about the work that has been done and will continue to be done as long as we're prepared to work in a non-partisan

fashion as we look at having reliable—and one of the words that he keeps missing is “affordable”—sources of energy, which is an economic tool for this province. I have to refer to one more committee that I was fortunate to be part of. Starting in 2002, then-Premier Eves stated in our budget that there would be an energy conservation and supply task force formed. That task force was formed and I was fortunate to be the only elected member on it, amongst an array of experts including the president of the power workers' association and other eminent people whom I was able to listen to for a long time. I did learn a lot, and they came up with a huge amount of information which each of us at our level could begin to understand.

One of the biggest things is that the idea that when we opened the market we had the very worst problems—the nuclear asset plan that I talked about earlier, its plan was to optimize production from nuclear stations. In fact, all parties on that committee agreed—there was Mr Kwinter and there was Mr Conway—that it was going to take between \$5 billion and \$8 billion to bring up the Bruce plant and the Pickering plant. They knew that. It's all public record—\$5 billion to \$8 billion. That's a fact; I'm not making this up. So if somebody thinks it's a surprise, what is a surprise is the fact that there was a lack of accountability going through the process even though the 39 recommendations from that committee indicated there were supposed to be regular, open briefings of the ministry of energy, science and technology.

What has been said, and I think this is worth citing and I think it's probably the only thing that I'll ever quote from the Toronto Star, but sometimes they do get it right—and they talked at great length about the cultural problems in Hydro. This is probably important for us to learn. I don't know if it has changed. I honestly don't. I could tell you, without diminishing my own importance, the reason I know a lot more than I'm probably given to be noted for on this thing is that I'm fortunate I live in Clarington, which is home to Darlington, probably the world's second-largest nuclear plant. It's about 3,600 megawatts of power—it's actually bigger than Pickering. Pickering is of an older generation—it may be larger when it's completely retrofitted, if indeed it is. I'm sure the member from Ajax-Pickering-Uxbridge, Mr Arthurs, is hopeful that it is, because as he said, they do pay a lot of tax, and yet they don't use the library or the swimming pools. It's that industrial corporate tax that you really want to get a hold of.

They're looking at this thing here. They're talking to Tom Adams, who's a great complainer, really. “Adams argues there's a long-running malaise: From the time the Hydro-Electric Commission was created in 1906, it and its successors made bad decisions and spent freely, as if they were immune from the consequences of taking unwise risks.

“James Mavor, a professor of political economy at the University of Toronto saw the dangers nearly 90 years ago, Adams says.

““Nothing is more usual in public enterprises of this kind than to disregard the element of risk,”” is what is

said in this article. The risk assessment that was done by the most recent report, called the Epp report, was the disregard for evaluating the whole term of risk. It is 90 years ago that James Mavor condemned them.

“The commission’s first project—the generating station at Queenston, on the Niagara River—went three times over budget. And the pattern was set.” Three times over budget—in fact, it was two or three years late too.

I can remember, because I was a local or regional councillor at the time, when the Darlington plant was coming on. It was on again, off again, on again, off again. It was originally scoped out at \$4 billion, and it finished costing \$14 billion. Am I surprised at Pickering being three times or four times over? No, that’s the pattern. Professor Mavor said that 90 years ago. It’s the culture.

Who do you get to come in to run the Candu reactors? They’re uniquely Canadian. They’re not the same as the American or European reactors. It’s our own knowledge. In fact, it isn’t even the province that inspects them; it’s the federal government.

Mr Berardinetti: The atomic energy commission.

Mr O’Toole: Yes, ACB—it’s not called ACB now; it’s some other name, but it’s the same thing. The regulator is actually the federal government, as it should be. There are other nuclear reactors throughout Canada, so there are federal standards and enforcement.

The point I’m trying to make in the very few minutes left is that there’s a huge history. I’ve cited Sir Adam Beck. Right from the beginning, he said this thing is not solvable. We’ve had two or three commissions that I’ve just briefly brought to your attention, including looking at alternatives into the future. We see it as an economic tool. There may indeed be some argument for Mr Hampton’s suggestion that it should be public power; I wouldn’t say that. But I know there are members in my constituency who refer to themselves as the group of seven. They’re eminently qualified people. There’s Henry Sissons, Bob Strickert and a couple of guys with PhDs. They’re brilliant guys. They teach at Trent University. They’re called the group of seven, and they tell me that power generation at least should remain in public hands.

What does that say to innovation? I talked to people who melt rock at St Marys Cement in Bowmanville—they have kilns that actually melt the limestone. They’re burning at 3000 degrees. Why aren’t they creating electricity: boiling water, turning a turbine and cogenerating? Because it wasn’t permitted under the power corporations act. So the vertical public monopoly has insulated itself from any accountability.

That’s why I believe if you compare today—I’m not prepared, nor do I know enough, to say that Bruce’s recovery is better than Pickering’s. But clearly the evidence—the timelines, the budgets—indicate that Duncan Hawthorne has done a great job. Congratulations, Duncan and Bruce Energy. I would say that whoever is in charge at Pickering hasn’t done a great job, and I’m only quoting the Toronto Star. So I think Dwight better ask for some ideas and questions here.

That’s really only part of this bill. This bill, unfortunately, is obfuscating the real discussion, and that is that prior to the election you promised to freeze power. That’s like the GST debate. I will never consider the Liberals federally again, because I know they’ll say anything to get elected, they’ll do anything once they’re elected and somehow they get away with it. I don’t get it. They can strangle people, like Chrétien did—he’s leaving tomorrow, thank God—and get away with it. Honestly, I don’t get it.

When it comes to the issue of whether the current government is up to the job, I’m prepared to sit on an all-party committee. If they have this blue-ribbon panel—it’s a bunch of frigging ponies from the Liberal election team—then I think you’re starting off on very slight footing. The people know that this issue, from the little time I’ve had to tell them, is not new. You aren’t going to fix it.

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There’s a definite citation that I want to get on the record here. I think it’s very clear. This addresses not just your obfuscation on the price freeze, which is a very serious problem—it’s called Pants on Fire. That’s the only way I can say it. It’s the Pants on Fire Resolution.

This one here is the one on your solution on coal. The solution on coal is even more—you have no idea, except that the industry has written to you. Your minister knows that clean coal technology is well on the way and the gasification of coal is well on the way, and the industry itself, not just Sherritt but the other producers, are working on the cleaning of coal, what they call clean coal or the gasification of coal. “A coal phase-out achieved exclusively by switching to natural gas would raise electricity rates by 3% to 5%.” So if you take Nanticoke and Lambton and the other plants down, there’s a 3% to 5% increase, which I am going to attribute to Dwight Duncan, the Minister of Energy. He knows it. I just told him. It’s on the record today. It’s me, and I’ll cite it because it’s from the New York Stock Exchange review on future pricing. Obviously his ministry is reading it, if he isn’t. He just reads what they tell him to read anyway. I think if he’s looking at the whole issue, the solution here, if you look at the longer term, then he’s got a serious problem, and the coal industry, the clean coal alliance, admits it as well.

In fact, as part of that electricity committee on conservation and supply, the experts there—and they’re not political—have said unanimously that you cannot eliminate coal as a peaking power. I believe you should be focusing entirely on clean coal and providing tools to consumers like interval meters and time-of-rate meters in their homes so that they can actually determine when to shut off the air conditioner, the television, the freezer and other appliances that are high consumers, like hot water heaters. This is not new technology. It’s technology that would actually put some control in the hands of the consumer, who would then know, “Hey, electricity is 7 cents a kilowatt. Turn off the hot water heater,” or if you’re going away on two weeks’ vacation, turn off the hot water heater. Do some practical things.

But right now, today, the consumer pays a blended rate. It doesn't matter if you use the power between 8 in the morning and 8 at night anyway, because you pay a blended rate. I believe in conservation; I believe it's one of the solutions, but give the consumer some control, give the consumer some power. Otherwise, you're forcing, as the member from Burlington has very admirably pointed out, seniors on fixed incomes who are devastated and those businesses like Mr Caruwana—he owns a deli in my riding in Bowmanville on the main street, and wrote a letter to the editor and said to me and to all of us that he has no power because the Ministry of Health requires him to keep his coolers at a certain temperature to keep the meat and other things free of any sort of contamination. So he has no control. He has no price elasticity.

The final thing is, you can't store electricity and it's price-inelastic. In other words, your consumption doesn't go down when the price goes up. It's price-inelastic; it's a simple economic thing. The seniors on fixed incomes have no choice in this and you aren't paying any attention to them.

Thank you for listening, and I hope to have more time on another day.

The Acting Speaker: Questions and comments?

Ms Shelley Martel (Nickel Belt): I hope that I'm going to get a chance to debate here this evening, so I'm not going to actually comment on the details of the bill, as was spoken to by both the Conservative members, but I did want to follow up on a point made by the member from Burlington.

In his remarks, the member from Burlington made it clear how unhappy he was that there were only two days in committee for this particular bill, how unfair that seemed to be because it didn't give time for people to come and make presentations and that there were also limits around the amendments. I agree that that is a huge problem, but I have to tell the member from Burlington and those who are watching tonight, you folks brought that on yourselves. I don't know what your House leader and what your whip were doing when they agreed to the programming motion, of which Bill 4 is a part.

I go back to government notice of motion number 13, which was moved on December 2. There were three government bills, one opposition day and two government notices of motion that were moved. All of those things were time-allocated by the government, Bill 4 included, so there was only going to be two days of clause-by-clause and public hearings and there was only going to be one day of third reading. That's what we're debating right now.

It was your whip who came forward and said to the Speaker, and encouraged the Speaker, to rule in favour of the programming motion, and said the following: "It is the position of the official opposition that there is a case to be made for you to rule government notice of motion 13 in order." He went on to say, "After extensive consultations with the government, our House leader, Bob Runciman, has agreed to a pilot project to timetable the

business of the House to allow for expanded debate on the issues that are of legitimate interest to the people of Ontario." He said further, "I would submit to you that proper notice has been given," and he encouraged the Speaker to rule in favour. So we are in this mess because you also supported it, and I think we've set a terrible precedent for other business in this House in the future.

Mr Brad Duguid (Scarborough Centre): I listened intently to the speech from the member for Durham and, in particular, the member for Burlington, who served on the committee. I've got to tell you that I really objected to the suggestion that the members on the government side of that committee were not listening to the deputants before that committee. We listened very intently to what was said.

The Ontario Federation of Agriculture and the Canadian Association of Retired Persons raised some excellent points, and we'll be working with them in the future as we work on our energy policy and bring forward our energy policy. We listened very intently to the Canadian Energy Efficiency Alliance. In fact, in their report they said, "We're very pleased that the government, within only a month of being in office, has moved so quickly on the issue of electricity." We listened very intently to their views, and they brought up some excellent suggestions. We listened very intently to the Conservation Council of Ontario, when they said that Bill 4 addresses their first point admirably, their first point being that to price energy to promote conservation is a very, very important thing to do. They congratulated the minister on the bill.

Considering that the member opposite was part of a government that didn't allow 95% of their legislation to go through committees so that people didn't have a chance to voice their concerns at all, I found the comments to be passing strange. Frankly, I think we are showing, through our committee, that we are here to participate. We have an extremely strong bench on this side of the House that will be participating greatly. Just because we don't support some of the amendments moved by the member does not mean that we weren't paying attention, does not mean that we weren't working hard on our side of the House. We simply did not agree with the motions moved by the member opposite because they weren't in the best interests, we felt, of the bill.

Mr Dunlop: I'm pleased to be able to make a few comments tonight on the speeches made by my colleagues Cam Jackson from Burlington and John O'Toole from the great riding of Durham. As you can see, both of these gentlemen have done a lot of homework on the preparation for their speeches this evening.

I just want to take—and I'm really sorry. In this job, I'm always having a problem with the ridings, and it's probably just as difficult for you, but Mr Duguid just mentioned that when we were in government, 95% of our bills never went to committee. I don't think anything could be further from the truth. Some bills didn't go to committee, but it might have been 10% or 12%. It was never even close to 95%. So I'd like to correct him on that.

I think what's important today, and the real issue that the taxpayers are concerned about—because certainly there's no question that hydro is an issue and hydro has been an issue for the last two or three decades and it will be an issue for many years in the future. I think it's a fact that this government that was elected based on a whole series of promises has basically gone against the citizens of the province and has reversed its decision on the rate cap. I think that's what hurts people more than anything; that's what many of our constituents are saying to us on weekends. I know I had a couple of letters and e-mails just today from small businesses and farmers who are very concerned about the lifting of the cap. No question they understand some of the issues behind it, but it's the fact that it may hurt some of the job creation opportunities and even the very existence of these businesses in the future.

Again, I thank my two colleagues for their comments tonight, and I look forward to further debate.

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Mr Hampton: While there was much that I disagreed with in the comments of the two spokespeople for the Conservative Party—it's still the Conservative Party, isn't it?

Mr Dunlop: Yes, Progressive Conservative Party.

Mr Hampton: OK, good. I'm never sure. Things are happening so fast these days.

Mr O'Toole: Are you the Green Party or the NDP?

Mr Hampton: The Speaker has even agreed now that we're the NDP, and that took a lot.

I will agree with him on a couple of points—and people across Ontario need to know this—and that is that the government opposite and the Premier, before the election, said over and over again that they were going to continue with the rate cap that was in place until 2006. That is the promise they made repeatedly to the people of Ontario. When they made that promise, we all knew the rate cap had cost \$800 million so far. That was in the media. We knew that in June, July, August and September. Everyone knew there was a huge cost overrun at the Pickering nuclear station; that too was public knowledge. Notwithstanding the fact that Mr McGuinty and his colleagues knew the rate cap was very expensive, knew there were huge cost overruns at Pickering, they went ahead and made this promise.

Now they want to pretend that the cost overruns at Pickering are a surprise, that the cost of the rate cap being in the neighbourhood of \$800 million is a surprise. It is not a surprise at all. That was known when Liberals made that promise. What is clear is that they never intended to keep the promise; that was just something for election-time consumption.

The Acting Speaker: The member from Burlington in response.

Mr Jackson: First of all, I'd like to thank my colleague from Durham for his eloquent presentation. However, rumours that I had gone home for the evening were grossly exaggerated. In fact, I was enjoying a chicken salad sandwich with the Liberal member for Eglinton-

Lawrence, and I want to thank him for sharing dinner with me; otherwise, I wouldn't have had dinner. So thank you.

The member for Nickel Belt: Perhaps it's the absence of the member for Welland this evening that causes me to remind you that we don't always agree with every decision made by our caucus.

Ms Martel: Very good, Cam.

Mr Jackson: I might even concur with your sentiments, so I don't take them as negative. I'm pleased that you underscored them for me, because it might be inappropriate for me to suggest exactly what you said, but thank you.

The member for Kenora-Rainy River: I appreciated his comments. I have stated on several occasions that although I don't agree with everything he says about energy policy, I respect the fact that he cares very passionately about it and he has not been afraid to articulate that. Perhaps in light of the broken promises of the Liberal government, it may cause the public to revisit the position that they had taken.

I'm just going to reiterate very briefly that the brand new Liberal government broke faith with the people of Ontario. They betrayed a trust that they had been given on the fundamental issue of affordability in energy prices in this province. I believe that is not sound public policy when it is built upon such a fragile broken promise that has such horrendous significance to so many people, and that's why we will be voting against this legislation.

The Acting Speaker: Further debate?

Mrs Donna H. Cansfield (Etobicoke Centre): Our government is delivering on its commitment to provide a responsible approach to electricity pricing, one that better reflects the true cost of electricity in Ontario. We are putting forward a pricing plan that first and foremost would protect Ontario's consumers by providing them with fair, predictable and stable rates.

Under the previous government, we saw energy pricing that simply didn't look after the interests of consumers or taxpayers. In the summer and fall of 2002, many consumers, without knowing why, found themselves paying volatile market prices for electricity. Working families, small businesses and individuals on fixed incomes were terrified by the uncertainty this created. In response, late last year the previous government imposed a cap of 4.3 cents per kilowatt hour on the retail price of electricity. They applied this cap to 98% of Ontario electricity consumers, virtually everyone except large commercial and industrial customers. They went further and capped transmission rates, distribution rates and the wholesale market service charge at current levels, a freeze which was to last until 2006.

Well, you can freeze prices but you can't freeze time. As time moved on and the market prices continued to be higher than the artificial 4.3-cent cap, the cost of the cap mounted. The electricity price freeze is contributing to the \$5.6-billion deficit at a rate of hundreds of millions of dollars a year. In fact, since the price cap was put in place a year ago, it has resulted in a net cost to the government

of Ontario of over \$800 million. This simply is not sustainable. If allowed to continue, the price cap would have cost about \$300 million per year for the next two years. And it is the taxpayers of Ontario who would ultimately have to pay the price, and not just today's taxpayers, but our children, the taxpayers and citizens of tomorrow.

There have been suggestions that if only this 4.3-cent plan had been allowed to run its course, somehow it would have all come out in the wash, that it would have been revenue-neutral and it wouldn't have cost the taxpayers a cent. Wishes sometimes don't come true, and the Peters report clearly highlights that the previous government's 4.3-cent plan simply would never have paid for itself with the prices we have seen.

As I've pointed out, over the past 18 months, from May 1, 2002, through October 31, 2003, the previous government's wishful thinking has saddled Ontario taxpayers with costs of \$800 million, and these costs are mounting by the day. Revenue neutrality was certainly a wish of the previous government, but definitely not a reality. This government realizes that Ontario operates in the real world, with real challenges that require realistic approaches.

But perhaps, some may suggest, within the 18 months and the \$800 million, there is a glimmer of hope that things would turn around and the previous government's plan might work. Ministry staff have dissected the 18 months past to see if such a trend was anything but hope and wishful thinking. Another wish went unfulfilled.

For the period May 1, 2002, through March 31, 2003, the net cost of the 4.3-cent plan, as reported in the Ontario Electricity Financial Corp's 2003 annual report, was \$665 million. From April 1, 2003, through October 31, 2003, the gross cost of the 4.3-cent price was \$283 million. Even after receiving money back from Ontario Power Generation, the resulting net cost to the government and the people of Ontario was between \$100 million and \$140 million. Is that a glimmer of hope, perhaps? Not really, because when you look at projections for the full fiscal year, from April 1, 2003, to March 31, 2004, as former Provincial Auditor Erik Peters does, the net cost shoots up again to \$293 million. So this plan would simply not have paid for itself—not this year, not next year, and not the year after that.

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To make things worse, municipal utilities were unable, as a result of the cap, to recoup an estimated \$650 million to \$750 million in funds they'd already spent related to electricity market operations. This was money they didn't have to improve local distribution systems and to keep local systems operating smoothly. As I have said, while you can freeze prices, you cannot freeze time, and distribution systems do require upkeep over time.

On October 2, the people of this province chose change and a government that would give them the straight goods, not wishful thinking. Under our proposed legislation, our government would get rid of the artificially low price cap of 4.3 cents. A new plan would introduce a responsible pricing structure that is fair and

predictable for consumers, that reflects the true cost of electricity, that gets rid of a subsidy that is completely and totally unsustainable, and sends a clear and powerful conservation message to the people of Ontario.

Under the proposed legislation, an interim pricing plan would take effect April 1, 2004. The first 750 kilowatt hours consumed in any month would be priced at 4.7 cents per kilowatt hour. Consumption above that level would be priced at a higher rate of 5.5 cents. This will truly reflect the cost of electricity in Ontario. Since the proposed interim pricing plan would not take effect until April 1, consumers would have a chance to review how they use their energy, to take conservation measures and, as a result, to limit the impact on their electricity bills.

Under our proposed legislation, the interim pricing plan would stay in place until an independent regulator, the Ontario Energy Board, develops new mechanisms for setting prices in the future. The Ontario Energy Board's new mechanisms would be in place as soon as possible, and no later than May 1, 2005.

The interim prices that have been set are fair and reasonable. Both the 4.7-cent price and the 5.5-cent price that consumers would be asked to pay are based on forecasts of the actual cost of power. The reasonable range of Ontario electricity price projections over the near term, verified by consultants, market participants and the market itself, is likely anywhere from 4.7 cents per kilowatt hour to 5.8 cents per kilowatt hour. We are confident these numbers are reasonable, as the average price since January 1, 2003, now almost one year ago, has been 5.67 cents. That's certainly within the range of our plan, but shockingly more than the former government's 4.3-cent price cap.

There have been comments placed around the need to deal with the benefit of the 750 threshold for apartment buildings. As the minister indicated in the committee hearings, that is currently being handled by regulation and that issue will be dealt with.

While any price increase in any commodity places an additional burden on consumers, especially consumers with modest incomes, we have made sure that the increases proposed under our plan have as manageable an impact as possible on consumers. In fact, fully 45% of all Ontario consumers would see less than a \$5-per-month increase on their monthly bills, as they use on average less than 750 kilowatt hours per month. If the interim pricing turns out to be higher than the average market rate, all eligible consumers would receive a credit after the Ontario Energy Board implements its pricing mechanisms.

By ensuring that the Ontario Energy Board, an independent body, sets future prices, we can be sure that electricity prices in Ontario will be regulated on the basis of what is in the public interest. This is certainly a dramatic departure from what we have seen from the previous government.

At the same time, we're also taking steps to allow the Ontario Energy Board to protect and renew our electricity grid, by ensuring reasonable charges for the

delivery of electricity. Beginning March 1, 2004, local distribution companies would be allowed to recoup, over the next four years, some of the costs that the previous government had put on hold. This would ease the tremendous financial burden that these companies, the vast majority of which are owned by municipalities across this province, have had to face.

As of March 1, 2005, local distribution companies would be allowed to take the next step to move toward a commercial return, but only on the condition that they reinvest the equivalent of one year's worth of these additional monies in conservation and demand management programs. This represents an investment in new conservation initiatives of approximately \$225 million—one of the largest investments in conservation of its kind in the history of Ontario.

While the previous government talked about conservation, investment in green energy and renewables, this government actually intends to do something meaningful for conservation, for investment in green energy and for renewables.

We are committed to phasing out coal-fired generation by 2007. We will do this in a responsible way that sees new, cleaner forms of generation brought on stream as a replacement for coal.

We will also move forward in implementing a renewable portfolio standard to help facilitate the development of greener, renewable sources of energy.

Our government will be working hard with other stakeholders to build a greater awareness and understanding in Ontario of the importance and opportunities of conservation and wise energy use.

Our pricing plan is just one step in this government's approach to strengthening Ontario's electricity sector and ensuring that it provides reliability and affordability for a prosperous Ontario. Again, the first step is to protect Ontarians by ensuring a fair and predictable solution to electricity pricing, and that is what this legislation is intended to do.

This plan, Bill 4, which we are voting on today for third reading, ensures that our government, and ultimately Ontario taxpayers, are not subsidizing electricity consumption at the expense of our ability to invest in the priorities of the people of Ontario, priorities such as health care and education. The plan of the previous government didn't do that. Instead, it placed a hopeless burden on taxpayers that would take years, not wishful thinking, to eliminate.

We're giving the people of Ontario the straight goods. We firmly believe that our plan is in the public interest and is a major step toward ensuring a safe, reliable and sustainable supply of energy for the people of Ontario.

I'm proud to stand here today in support of the bill.

No matter how you slice it, no matter how you dice it, the Tory policy has already cost taxpayers \$800 million, and it's counting an estimated \$300 million in each of the next two years. This is not revenue-neutral at all; it is simply wishful thinking that it might be. Although the Progressive Conservatives and the NDP would like us to

keep a bad policy for the sake of keeping a poor policy, we don't keep poor policies; what we do is respond, as a responsible government, to making the changes we need to make to move forward.

We're also putting in place a plan to deal with the issue of conservation that addresses the need for the use of such options as interval meters or time-of-use meters, looking to develop a strategy, in the short, medium and long term, to introduce conservation and energy measures to all Ontarians so they can understand and acknowledge their own use of electricity and by doing so change their habits so that when they use their electricity, they know what they're paying for and what they're using.

On behalf of my colleagues, I'm pleased to stand here and say that I'm in support of third reading of this bill.

The Acting Speaker: Questions or comments?

Mr O'Toole: It is indeed my pleasure to respond to the member, who is the parliamentary assistant to the minister. I just want to take up a couple of points in the very brief time. She did mention something that may have slipped by the viewers, which was another planned tax increase. It was when she said that the LDCs, the local distribution companies, in March 2004 and again in March 2005 would be allowed to raise their revenue. I gather it's going to get up to a 9% return on investment. I guess the viewer, the consumer, you in your home, know full well that you can only expect higher and higher taxes over the next—I think they will probably last four years. It's 2004 and 2005, but I'm sure it will just continue relentlessly.

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In my earlier comments, I had forgotten most of the notes I had prepared. The committee I wanted to mention—because I know most of these members would be proud to know they're not just lost to history—is the select committee on Ontario Hydro nuclear affairs. The membership list was as follows: Derwyn Shea, the MPP for High Park-Swansea, as the Chair, an eminently respected fellow—I spoke to him last night; he's an Anglican minister and a person of great integrity—Monte Kwinter from Wilson Heights, who was at that time a simple MPP like the rest of us, was Vice-Chair and eminently qualified to do that, a Liberal member who co-chaired with a government member; Sean Conway, who was the member for Renfrew North, now occupied by our member, Mr Yakabuski, who managed to take that in what I call the red tide, often associated with kelp; Doug Galt, who was the MPP for Northumberland; and Floyd Laughren, who was the NDP member from Nickel Belt, an extremely competent member, very well respected—not that good a Treasurer, but none the less a member whom I had a lot of respect for. He sort of ran into some financial difficulties.

Ms Martel: I listened with interest to the comments made by the member from Etobicoke Centre. I think the point I want to focus on—and I hope I paraphrase her correctly—is that essentially we're here dealing with a bill tonight that breaks a Liberal promise because the

Liberals somehow discovered that the rate cap wasn't revenue-neutral.

It was well known at the time the rate cap was being imposed last November that of course it wasn't going to be revenue-neutral. How could it be? What we were dealing with after the market opening last May, right through to November 11 when the Premier had to impose the rate cap, was a series of increasing hydro bills for people across the province. Deregulation didn't result in lower rates; it resulted in huge, skyrocketing hydro rates, and Conservative and Liberal members in this House were running for cover, trying to get away from that huge increase. So it was clear that when you intervened in the market, because the open market wasn't working, just like it hadn't worked in California and Montana and Alberta—when the government had to massively intervene in the market with the rate cap, of course the rate cap was going to hide the price of private power, of course someone was going to pay for that and of course that was going to be the taxpayers of Ontario. It was no surprise to anyone, Liberals included. There was no way in the world the rate cap was going to be revenue-neutral. It was going to cost, and cost dearly.

The sad part about it is that the Liberals knew that then, they knew that when they supported the bill and they knew that going into the election, but that didn't stop them from promising that the rate cap would stay in place until 2006. What is clear is that they didn't have any intention of keeping that election promise.

Mr Delaney: I'd like to acknowledge the well-researched comments made by the member for Etobicoke Centre and to sum up with a few brief remarks.

Bill 4 will promote a safe, reliable and sustainable supply of energy for the future. Bill 4 is a means of keeping this government's promise to Ontarians. Bill 4 is a major step toward attracting new electricity supply to Ontario, to sustain our present and future needs. Bill 4 sends a clear signal that Ontario will deal with electricity issues in a practical, sensible and transparent way. Bill 4 reaffirms our commitment to modernize Ontario's electrical system. Bill 4 helps us attract new supply. It encourages conservation. Bill 4 helps Ontario deliver cleaner energy to its people.

The previous government just didn't create any new supply in their years of office. Pickering wasn't properly maintained. Some 4,600 megawatts of power was offline. These problems are expected to cost us \$3 billion. Repairs are years behind schedule. We're facing supply shortages. It's time to get on with it.

Others agree. Some of the key endorsers of the removal of the price cap are the Ontario Medical Association, the Sierra Club of Canada, the Ontario Public Health Association, the Clean Air Partnership, the Environmental Alliance, the Canadian Energy Efficiency Alliance, the Ontario Sustainable Energy Association, the Ontario Clean Air Alliance, Greenpeace Canada, the Muskoka Lakes Association, the Georgian Bay Association, the Association of Municipalities of Ontario, the Ontario Chamber of Commerce, the Independent Power Producers' Society of Ontario.

Mr Jackson: I want to acknowledge the words of the member from Etobicoke Centre. I have had the pleasure of knowing her for many years in our role as trustees, and I welcome her to the House.

I was pleased that she put on the record that I'm not the only person in the House to confirm that the true cost in the first year of the cap was \$655 million and not the \$800 million that the Minister of Energy said earlier this evening. I want to thank the member opposite for correcting her minister.

I do want to indicate that when she talked about the fact that a quarter of the billion dollars in funding that will be handed over to local distribution companies from consumers has to go to conservation measures, she failed to indicate to the House and to the citizens of Ontario that this bill enables all those local distribution companies to go back to the Ontario Energy Board immediately. So not only is it the ones they've already approved, worth a billion; they can begin the process of going back to see them.

Who are the largest beneficiaries of the local distribution companies? Clearly it's the municipalities, who own most of them. It strikes me that municipalities are now engaged in the process of taking money out of one consumer's pocket and putting it into another consumer's pocket at city hall, and the government is complicit in encouraging this conduct through the bill.

What I find interesting is that we've identified so many senior citizens who would be adversely affected, and yet we've not heard one word from the member for Kingston and the Islands, the minister responsible not only for seniors but also for AMO. As the previous speaker indicated, the Association of Municipalities of Ontario absolutely loves this bill, because they are the major beneficiaries of the billion dollars.

Liberals are doing what Liberals do best: They are getting taxpayers to pay somebody else's bill and they're going to get the credit.

The Acting Speaker: Response?

Mrs Cansfield: I'm delighted to be able to reiterate that you're quite correct: The first year was \$655 million. But at the end of the day, as I said, no matter how you slice it or dice it, it's still \$800 million for the 18-month period of May 1, 2002, to October 31, 2003, and \$800 million is a great deal of money.

I also find it absolutely fascinating that everybody really quite agrees that in 2006 they would lift the cap because it wasn't sustainable. The member from Nickel Belt agrees that it didn't work to begin with, and we're saying it definitely doesn't work either. So I anticipate that everybody's in support of this bill at one point or another.

The other thing I'd like to mention—I assume most members would know, but maybe the people who are listening to this telecast may not—is that we do have the opportunity to address through regulation many of the issues that have been identified, and that that's not unusual, and actually quite typical, when bills are brought forward. To suggest there won't be ways and means of

dealing with some of the issues that are being brought forward to us is incomplete and actually misleading. We will be able to.

At the end of the day, we really do quite agree—

Mr Jackson: On a point of order, Mr Speaker: I would ask the member opposite to withdraw the statement.

The Acting Speaker: Member, withdraw the statement.

Mr O'Toole: Resign.

Mrs Cansfield: Resign?

I beg your pardon, Speaker?

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The Acting Speaker: Would you withdraw what you said?

Mrs Cansfield: What did I say that was—

The Acting Speaker: You know what you said. Can you withdraw it?

Mr O'Toole: "Misleading."

Mrs Cansfield: Oh, "misleading." OK. I withdraw. I'm not sure what it was, but it's fine. I do withdraw.

What I am suggesting to you is that there are ways and means that we can address the issue, and I believe we have those in the regulations that are going forward and that in fact this bill is a responsible response to the issues of electricity and the chaos this province is in dealing with it.

The Acting Speaker: Further debate?

Ms Martel: It's a pleasure for me to participate in the debate on Bill 4 tonight, a bill which essentially substitutes a Liberal rate cap for the Conservative rate cap on private power. And no, we are very much opposed to private power and have been saying from the get-go and now, during this bill, and last year when the Conservatives brought in the rate cap, supported by the Liberals, that we should be dealing with legislation that brings back public power to the province of Ontario.

We're also here dealing with a bill you could call the broken Liberal promise bill, because it was this very same Liberal government during the election campaign who said very clearly that the rate cap they supported last fall was going to be in place until 2006. Let me just reinforce where that was said. Here in the Liberal election platform it says the following: "We will keep the price cap in place until 2006. We do not believe that you should pay the price for the government's mistakes."

I note as well that in an editorial in the *Ottawa Citizen*, dated Friday, September 19, 2003, Mr McGuinty had the following to say, and I quote again: "It will take time to rebuild our hydro system, so we will keep electricity rates where they are until 2006."

What's interesting about the bill, over and above the fact that the Liberals are clearly breaking an election promise, is that the bill really does provide concrete confirmation that the Liberal energy policy is exactly the same as the Conservative energy policy. Neither one, in terms of those two parties' support of hydro privatization and deregulation, has been good for the province of Ontario, just as it hasn't been good in Montana and

Alberta and California and everywhere else that hydro privatization and deregulation have been tried.

It's worth reinforcing that in fact the Liberal policy on hydro privatization and deregulation has always been the same as the Conservative policy. I go back to a fund-raising letter that was sent out to the big guys on Bay Street. This was dated October 31, 2001: "Dear"—it's blanked out. It says the following: "We are writing to invite you to a reception to meet Dalton McGuinty, leader of the official opposition. Dalton was elected as MPP for Ottawa South in 1990 and leader of the Ontario Liberal Party in 1996. Prior to becoming leader, Dalton was the opposition energy critic from September 1990 to July 1993. Throughout Ontario's electricity restructuring process, Dalton and the Ontario Liberals have been consistent supporters of the move to an open electricity market in Ontario." God bless. Send your 350 bucks to have supper with Dalton McGuinty, because he's going to find a place for you in Ontario's private energy market.

That wasn't the only confirmation of the fact that the Liberals support hydro privatization and deregulation. I think I'm going to read a few more quotes into the record, just to make the point.

December 20, 2001, in the *Windsor Star*: "Liberal leader Dalton McGuinty, who said he favours deregulation and privatization, accused the Tories of being in it 'for a quick buck.'" Imagine accusing the Tories when they had the same policy.

February 5, 2001, on the *Larry Silver Show*, here's what Dalton said: "I mean, that's the whole idea behind this thing, is to bring in competition and to bring rates down."

February 5, 2001, on the same show, here's what Dalton said: "We believe you've got to go toward deregulation. That's the way to bring this thing to heel. That's the way to introduce real competition."

It wasn't just Dalton. Mr Conway, whom I had lots of time for as a long-serving member in this Legislature, had lots to say about hydro privatization and deregulation as well.

Here we are. January 10, 2002, in the *Kingston Whig-Standard*: "The government needed to open the electricity market and it certainly needed private investment in the generating industry, critic Conway said."

December 19, 2001, the *Toronto Star*: "Liberal MPP Sean Conway said while his party supports some level of competition in the generation of electricity for sale at market prices, he does not think Harris is being realistic when he predicts prices will not increase for consumers." Even Conway said that prices were going to increase for consumers under hydro privatization and deregulation.

Here's another one—this is Hansard, June 5, 2001; Sean was speaking in the House: "We believe we can have a reasonably competitive market in the generation of electricity."

Here's a final one—there are lots more, but I just wanted to give you a flavour of what Mr McGuinty and Mr Conway had to say. Hansard, May 2, 2001—this is

Mr Conway: "I repeat: the Harris government, to its credit, appointed a blue ribbon panel of smart people to give it advice about a serious problem. The core and the most fundamental recommendation these people made was that there should be a competitive marketplace for the generation of electricity."

There you go. There's just a flavour of what the Ontario Liberal Party had to say about hydro privatization and deregulation. What they had to say was the same as what the former Conservative government had to say, and in fact did. What was so interesting was that when the rate cap came in, the Liberals supported the rate cap.

It's worth pointing out that if hydro privatization and deregulation had really worked, then the rates would have gone down. Hydro consumers in this province would have been receiving bills that had decreasing costs to them. But it didn't work. If it had been working, let me repeat, there wouldn't have been any need for the government to intervene massively in the marketplace, because the rates would have been going down all on their own with competition.

But what happened starting last May? Starting last May when the market opened, and all through the fall, people started getting their hydro bills and calling all our offices, including Liberal MPPs' offices, and they were mad. They were mad because their hydro bills weren't going down, like Mr McGuinty and company promised, and Mr Harris and company promised, their rates were going up 200%, 300%, 400%, and they didn't know how they were going to pay their bills, especially seniors on fixed incomes.

I just want to give you a flavour of what some of the Liberals had to say about hydro privatization and deregulation after the cap came off. The Liberals were so busy running for cover last fall that every single one of them was on their feet talking about how terrible it was that hydro rates were going up.

Here's one from Mr Brown: "Let me tell you about the senior citizen on a fixed income in Wawa whose electrical bill has increased 60% year over year. Let me tell you about Les and Pauline Hillstrom, dairy farmers near Bruce Mines. Their hydro bill has gone from \$1,000 in August 2001 to an astonishing \$2,020 for August 2002. Let me tell you about the small dry cleaner on the Manitoulin whose monthly electrical bill has increased 300%. Let me tell you about the Goulais truck driver, with two small children and a wife who is disabled, whose electricity bill has doubled." Here's what he says: "It is time to stand up for Ontario consumers. Yesterday, Liberals called on the government to roll out the rebate."

Do you see what happened? The Liberals started running for cover. They were looking for any excuse possible to try to get a cap on those rates to get them down, because they didn't want to deal with irate constituents who were calling, saying, "My hydro rate didn't go down. It's going up and up, out of control, and I can't afford to pay." The Liberals didn't want to get caught by someone pointing out that their support of hydro privatization and deregulation was exactly the same as the Conservatives': They were in favour.

Then they decided to say the problem really was that deregulation and privatization had been mismanaged by the Conservative government, and if it hadn't been mismanaged by the Conservative government, rates would have gone down.

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Let me give you one from Ms Pupatello. Here we go: "Families across Ontario today are wondering how they are going to pay their hydro bills. Our offices are being flooded with phone calls, e-mails and letters from people who cannot believe how much the Harris-Eves government has bungled the hydro file." Not that the problem was hydro privatization and deregulation; no, the problem was that Conservatives had just somehow mismanaged the dossier.

Here's one from Mr Bryant. I like this one because it contrasts very clearly what this government hasn't done with respect to GST. Michael Bryant said the following: "The Harris-Eves government has bungled on hydro again, this time botching the hydro debt retirement charge and playing tax collector of the GST for a charge that deserves no tax at all.... Today, Dalton McGuinty and Ontario Liberals repeat our demand that the province stop playing tax collector for the feds on the debt retirement charge. Cease and desist collecting the GST on the debt charge.... How badly have the Tories bungled hydro?"

Do you know what's interesting about this bill? Is this government doing anything about collecting the GST? No, they're not. Are they doing anything about dealing with the debt retirement charge and putting the GST on that? No, they aren't, because their position is the same as your position, Speaker. Exactly the same.

So much for trying to blame the Tories for mismanagement. The problem is the position is the same, and the problem is hydro privatization and deregulation isn't working.

Here's another one—

Mr Marchese: Who's that?

Ms Martel: Mr Levac. He's here tonight. I want to quote him. Here he is: "I rise in the House today to speak on the Harris-Eves government's continued mismanagement of Ontario electricity policy. From higher costs and bungled regulations to the lack of consumer education about the new system, there is no question that the Harris-Eves government has lost control of the hydro file.... The Liberal caucus has said from the beginning that the Harris-Eves government has completely botched the hydro file." It's not a question of "botched"; it's a question of hydro privatization and deregulation—did it work?

Mr Dave Levac (Brant): It's true.

Ms Martel: Look, Dave, October 31, 2002, here's what you had to say—

Mr Marchese: He said "mismanagement."

Ms Martel: Mismanagement. I don't know; it's hard to blame it on mismanagement. When you're trying to duck, when you're trying to run, when you're trying to tell your constituents, "It's not our fault," then, of course,

you blame the government in power for mismanagement. The point that I am making to you tonight as clearly as I can is that the problem had nothing to do with mismanagement; the problem is that hydro privatization and deregulation didn't work. You shouldn't have been supporting it, and the Conservatives should never have brought it in, and now you have a lot to answer for.

Here is Mr Sergio. He's here tonight. Here we go; let me see what he has to say: "I want to address my remarks directly to the Premier, because everyone saw it coming except the government." You're darned right everyone saw those high hydro rates coming. Why did you support hydro privatization and deregulation? They saw it coming in California, in Alberta, in Montana and, sure enough, it came in Ontario. But you guys were so busy supporting it that you didn't want to recognize that it hadn't worked anywhere else and it wasn't going to work here. And it didn't.

Let me see; I've got the member from Hamilton Mountain. Here she is: "Words cannot begin to convey the outrage over the hydro bills in my community." Same in mine. "What do we need to do to get the message through? Surely your constituents have told you, the media have told you and the Liberals are telling you. What more needs to be done before you give our constituents the rebate to help ease this pain?" Well, look, the rebate. OK, give us the rebate. Why don't you give us public power? Give us public power, because all the rebate does and all the rate cap does is hide high private power costs. It hides the mess. It doesn't fix the problem, it just hides the mess.

I just want to see if I have anybody else who is in here tonight. No, I don't. I'm sorry. I thought I had one from Mr Colle; I don't. Anyway, that was just a flavour. There were lots more because, as I say, last fall when hydro rates were going out of control, the Liberals were running for cover. They were looking for every excuse in the book to say that the real problem, of course, was not hydro privatization and deregulation; it was just mismanagement of the dossier by the former Conservative government.

Look, the Liberals supported the rate cap because they didn't want to take the heat on the failure of hydro privatization and deregulation. That's why they supported the rate cap. They didn't want it to be known that their policy was the same as the Conservatives' policy; and they didn't want to have to admit to their constituents that unless something was done to go back to public power, constituents, under a deregulated market, were going to continue to be gouged and gouged and gouged. Seniors on fixed incomes in so many of our communities weren't going to be able to pay their hydro bills, ODSP recipients in so many of our communities weren't going to be able to pay their hydro bills, people working on minimum wage in so many of our communities weren't going to be able to pay their hydro bills, and small businesses and dairy farmers—and the list goes on and on—weren't going to be able to pay their bills. The Liberals supported the rate cap not because their view,

their position, on hydro privatization and deregulation changed; they were just looking for cover to get away from angry constituents who wanted somebody to do something about high hydro bills.

The Liberals knew when they supported the rate cap that of course someone was going to have to pay those high hydro rates. If you have the rate cap in place, hydro ratepayers don't see what the real cost of power is. That's the beauty of the rate cap: You can try and fool them for a while; you can try to buy them off with their own money and hope that they don't start to recognize that if we're not back to public power, if we still have private power but the rate is capped, who is paying the difference between the capped rate on my bill and what it's really costing to produce private power in Ontario? Of course, we're paying all those profit-takers and fee-takers and commission-takers and everybody else who has their hand in the till and who's on the bill because of private power.

The Liberals knew when the rate cap went into effect that of course it wasn't going to be revenue-neutral. How could it be? Of course it wasn't going to be, and nobody believed the Tories when they said that, least of all the Liberals. Goodness, goodness, goodness. So it was no surprise. To say now, as the Liberals tried to do here tonight and as they've done through this debate, "Oh, my God, we've got to bring in a different bill. We can't afford this. We didn't know that it wasn't revenue-neutral"—for goodness' sake, whom are you trying to kid, people? Whom are you trying to kid? Of course we knew. That's the problem with private power.

We have a bill before us that continues on under the Liberals with the same Conservative policy of hydro privatization and deregulation. That's what we have before us. We have a bill that merely replaces the Conservative rate cap with a Liberal rate cap. But this does nothing to change the problem with the GST that Mr Bryant pointed out, and it does nothing to deal with hiding the real costs of private power, which is at the heart of the matter. We didn't vote for the rate cap in November; we're not going to support the rate cap now, because New Democrats believe that the bill we should be debating today is a bill to return Ontario to public power, where power is provided at cost by a non-profit utility.

We know that things aren't going to get any better. If hydro privatization and deregulation really worked, we wouldn't have had the problems that we saw in California; we wouldn't have had the problems that we saw in Alberta; we wouldn't have had the problems that we saw in Montana; and we wouldn't have had the problems that we saw last fall in Ontario. If deregulation and privatization really worked, then, when the market opened last May, hydro consumers—hospitals, schools, dairy farmers, industry big and small—would have seen their hydro rates declining, decreasing, being reduced.

That's not what happened, and everyone who was in this House last fall knows it. Exactly the opposite is true: When that market opened, prices went out of control.

People got bills that were 200%, 300%, 400% higher than before the market opened. People came screaming into their MPPs' offices and Liberals looked for cover. They looked for cover with their accomplices in the Conservative Party who weren't too happy taking the blame for the failure of hydro privatization and deregulation either.

Tonight we should be in this place not trying to substitute a Liberal rate cap for a Conservative rate cap, not trying to prop up failed hydro deregulation and privatization; we should be in this House this evening—we should have been in the House last November—dealing with a bill that brings public power back to Ontario, power provided at cost, power provided through a non-profit utility, power that is safe and reliable. Unfortunately, all we're going to do with this bill is prop up hydro privatization and deregulation one more time.

The Acting Speaker: Questions and comments?

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Mr Levac: I will give the member from Nickel Belt credit for the consistency of the message. Believability is in her words in terms of her belief about how the system should work. What I'd like to point out—if she wants to use my record in the House, she can also look up my record in the Expositor, my local newspaper, that indicated quite clearly that I had a concern even before any of the decisions were made regarding capping. The cap idea in itself, in terms of Toronto versus what the government decided to do, indicated—where did the 4.3 come from in the first place to find out what the true cost of electricity is? The people of Ontario have indicated to us that it's time we started to pay the true cost of what these issues are.

Ask yourself—farmers, in terms of food, get about 3 cents on the dollar in terms of the actual money that everybody else makes on agriculture. When do we want to start making sure we pay? I looked this up on the Internet and found out that in Italy they pay somewhere around \$3.50 for a bottle of olives. I'll tell you what happens.

Mr Mike Colle (Eglinton-Lawrence): What has the price of olives got to do with anything?

Mr Levac: If anybody wants to ask what I'm talking about, ask yourself in your heart whether or not we are paying for the value of what we're receiving in terms of our services—our health care, our transportation, our infrastructure, our water, and now, looking at this discussion, our power.

I had a meeting with our municipality. Before the previous government did what it did, it was going to make the municipalities pass resolutions that they themselves were going to have to sign off that, "We're taking responsibility for the problem." The government wasn't going to do that. They were going to make the municipalities that had the power, that kept the power in their hands, have a resolution that said, "If there are any problems or any mistakes, they're ours as a municipality." But they basically said, "We're not going to do that." It was going to cost my municipality \$1 million, going in

the hole, in order to do this program. So the reality is that we have to start paying for the value of what we're getting in terms of service.

Mr O'Toole: It's a pleasure to respond to the member from Nickel Belt, but I just want to put some more information on the record for those still awake and listening. The select committee on Ontario Hydro nuclear affairs, and I just think it's important to put some of this—this is the executive summary of a report issued in August or September 1997. It says, "The utility announced that the board of directors has decided on a recovery strategy to temporarily lay up seven of its nuclear reactors in an effort to improve their performance. The cost of the recovery"—this is important—"would be in the range of \$5 billion to \$8 billion."

This was basically approved and went to this committee I'm referring to. I might say the member from Nickel Belt has done an admirable job, but the member then was Floyd Laughren. That committee approved that expenditure. Now we're talking about the recovery plan with some kind of—illustrating that we don't really understand it.

Mr Hampton: There was a dissent.

Mr O'Toole: There was a dissent. Probably Peter Kormos came in one afternoon to dissent.

I just think we should put in perspective here the importance of this issue of the complete reliance on nuclear. It's so technical that no one can challenge unless you're part of that corporate culture. I'm a great believer in finding new renewable, sustainable forms of power. That's where that other committee I referred to, the alternative fuels committee, did great work—again, a report of all three parties.

There was a bill this week that passed, the mega tax bill, the bill that the Liberals passed this week, a \$4-billion tax increase. There was one clause in there that I agreed with, and that was the ability to extend the retail sales tax reduction on energy-efficient appliances. I encourage you to do more of that kind of thing. You'll find a lot of support on this side of the House for making wise tax policy decisions. This idea of just taxing and whacking people is unacceptable. Like the seniors in my riding, people on ventilators in their homes; these kinds of people need to have—members should know that the average consumption per household is 1,000 kilowatt hours. Guess what? You cut it off at 750. They're going to pay more for electricity. Seniors on fixed incomes are never going to forgive you.

Mr Marchese: First of all, I want to welcome the citizens of Ontario watching this political forum. It's about 9:15. Just to remind you, our leader, Howard Hampton, is going to be speaking shortly, assuming the Liberals are not going to speak, but they might. But even so, please stay tuned. I'll be speaking after that. Gilles Bisson will be speaking after that. So there's a lot more lively debate coming.

Second, I want to congratulate the member from Nickel Belt on a marvellous speech. I just enjoy when Shelley Martel excoriates the Liberals in the way that she

does: incisive, strong speech against what the Liberals did and said so many times so many years ago. Shelley, I loved the Sean Conway letter there, the \$300 fundraiser. I was surprised they didn't have a \$700 fundraising event to invite the hydro people, saying, "We're happy to deregulate the hydro market. Please come. We're part of it. We want you to be part of it. Come and give us a couple of hundred bucks and share in the joy of that event." It was a beautiful little letter, with all due respect to the member from Renfrew-Nipissing-Pembroke, I think it was; yes.

The other reminder: about how the Liberals supported the sell-off of Hydro One, supported the ongoing sell-off of the generation of power because they loved what the Tories were doing. They were in collaboration and in concert with each other then, until the court case, when the court ruled that Hydro One could not be sold. Then, lo and behold, the Liberals said, "Oh, we're on the wrong side of this issue, so now we are opposed to the sell-off of Hydro One."

Then there's your reminder about the rate cap. When they supported the rate cap, it was because, lo and behold, before the election you can't go out to the electorate and say, "We're going to remove the rate cap." But no sooner did they get elected than they said, "Ah, the rate cap is bad. We're losing millions and millions of dollars. We've got to be responsible and bring it back." So much for the Liberals, eh?

Mr Peter Fonseca (Mississauga East): Many of us watched with great delight the Grey Cup football game, a great tradition. Football is a terrific game, and I enjoyed watching this season as it took place. It's over, but the official opposition and the third party want to use energy as a political football. People don't want to be toyed with, flipped and flopped around; they got that for the last 13 years. For the last 13 years they got flipped and flopped around. The days of using a political football are over. The captain of the official opposition, Ernie Eves, flipped and flopped 11 times on hydro, finally imposing a cap of 4.3 cents. Since those Tory prices came into effect, it has cost Ontarians \$800 million. The 4.3-cent freeze was simply unrealistic. Ultimately our taxpayers—you, me, everybody watching today, all of Ontario—have paid out \$800 million for this mismanagement and misrepresentation. Do the right and responsible thing. That's what we're doing.

The Acting Speaker: The member for Mississauga East, just withdraw that comment.

Mr Fonseca: Yes, withdrawn.

The NDP also flipped and flopped too many times on this issue. Mr Hampton wanted the cap, then he didn't want it, now he wants it again. I don't know if he knows what he wants.

Our plan would take the politics and politicians out of electricity pricing and give that responsibility to an independent regulator. The Ontario Energy Board has been directed to assume the responsibility as soon as possible and no later than May 2005. This is the responsible thing to do.

The Acting Speaker: Response from the member for Nickel Belt.

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Ms Martel: I want to thank those members who participated. With my two-minute response, let me say a couple of things.

The member for Brant said that people in his riding think it's time to pay the true cost of what things are. Look, the problem is that private power does not reflect the true cost; it reflects the price when all the fee-takers, commission-takers and everybody else who wants to get their hands into your pocket is getting their hands into your pocket and gouging ratepayers for all they are worth. That is the problem with private power. It has been far more expensive than power at cost. The evidence of that goes back to when the market was open. Hydro rates did not decrease; they went through the roof. I don't want to pay the price of private power. I believe Ontarians should be paying for power at cost, and that requires us to abandon the failed scheme of privatization and deregulation, supported and brought in by the Conservatives, now propped up by the Liberals. That's what we should be doing.

Interjection.

Ms Martel: We have never supported the rate caps. How many times did I say that tonight? We haven't supported the rate caps. Last November we were in opposition, and we're going to oppose the rate caps tonight, because we recognize that the rate caps only hide the mess. That was the problem with it: It hides the failure of hydro privatization and deregulation.

I guess some of you hoped, when you supported it last November, that if rates went down on hydro bills because of the rate cap, people wouldn't start asking the questions, "Who is paying for the real cost of power? Who is subsidizing those private energy companies that are gouging us with their electricity rates?" Hydro is an essential service. We need it every day. We need it absolutely every day. We should get the fee-takers and the profit-takers and the commission-takers out of the energy sector. We need public power in Ontario.

The Acting Speaker: Further debate?

Mr Delaney: After all the heat, perhaps we can talk about something with a little light. Electricity is something we take for granted. In August, we saw what happened when our electricity grid failed. It was hot, and it was also quiet. In a brief and nostalgic way, Ontarians made the best of a crisis. We all pitched in, and we all got through it.

But 2003 is not 1903 or even 1953. Electricity is a must-have in today's homes, in today's businesses and in today's public services. Electricity is a utility, just like water, gas, telephone service and, more recently, data communication services.

If we need electricity, then the means by which we obtain it must be fair, economical, reliable and accountable. Until this government was elected nine weeks ago, our electricity supply system was a train wreck in slow motion. It took decades for Ontario to slip to the brink of

Third World status, and it will probably take time for Ontarians to have a truly modern transmission grid and a modern, reliable, economical power generation system.

Ontario has built no new base generation electrical capacity for nearly two decades. The last major base-load generation station, at Darlington on Lake Ontario, was subject to wild cost overruns caused not so much by design or construction faults, because the technology and the techniques used at Darlington were both mature and proven at the time, but mostly by political waffling by the government of the day, retroactive design changes and successive construction contract stretching.

After Darlington, nothing—nothing at all. In the interim, our society came to use electricity more and more intensively. Into our homes came microwave ovens, personal computers and countless other appliances that all needed a wall plug to work. We used more electricity per capita. After Darlington also came both a wave of immigration from abroad and the coming of age of the baby boomers, driving Ontario's population upward by more than two million people.

On matters of fiscal responsibility, the past government has been shown to have adopted the NATO approach, which means, "No action, talk only." They've used the NATO approach on health care, education, social services and the economy.

As Premier, the member for Dufferin-Peel-Wellington-Grey flip-flopped 11 times on hydro privatization. He finally chose the one solution that satisfied nobody. It both discouraged intelligent conservation and took away any incentive to build generating capacity.

The previous government froze hydro rates at a price below the cost of production. They continued to add to the debt load of Ontarians while government-paid partisan advertising extolled the wisdom of a choice now seen to be folly. Indeed, they should be excoriated for it. The previous government froze hydro rates at a price far below the cost of production. Ontarians saw their debt load go up.

The 4.3-cent price freeze was simply unrealistic. Ontario taxpayers are stuck for an additional \$800 million in debt because of a decision made without any shred of a framework of a plan.

The province of Ontario and its taxpayers cannot continue to subsidize inefficient users of energy. The people of Ontario need stable finances, schools that work and health care that responds to our needs.

So the government of Ontario has done something about it.

We've rolled up our sleeves. We plan to take politics and politicians out of electricity pricing. We plan to transfer that responsibility to an independent regulator. The Ontario Energy Board will assume this responsibility no later than May 2005, and sooner if it can be arranged.

In the meantime, we need to stop the bleeding of taxpayers' money into the pockets of the least efficient energy users of Ontario.

The current 4.3-cent-per-kilowatt-hour price cap will be removed as of April 1, 2004. This means that those most at risk will face no change during the winter cold

weather. This is the responsible and the humane way to manage this transition.

Starting April 1, 2004, the first 750 kilowatt hours of energy consumed in any one month will be priced at 4.7 cents per kilowatt hour and the balance above that charged at 5.5 cents per kilowatt hour.

With the array of other charges faced by consumers, the average household bill will not rise by much. For a household consuming 750 kilowatt hours, that difference will be about \$3 a month. For a household consuming 1,000 kilowatt hours in a month, that will be an additional \$3. And for Ontarians, the debt will stop rising. The time between now and April 1 will enable consumers to take a realistic assessment of their energy consumption patterns, and perhaps even save money through insulation, through energy-efficient appliances and through better technology. Perhaps consumers will use more efficient lighting.

Government will do its part as well. We will improve our own energy usage efficiency. In the coming weeks, the Chair of Management Board will announce specific new measures in this regard.

The Minister of Finance will extend the current provincial sales tax rebate to encourage and support energy efficiency and conservation.

Ontario will need conservation measures as a bridge between the precarious balance we now have between energy supply and demand and where we must be in 10 years, when we plan to have safe, clean, affordable electricity supply and a modernized and secure transmission and distribution grid.

Ontario will also expand its efforts to educate consumers about steps they can take to conserve energy, to use other forms of energy, and in so doing, to help stretch our energy supplies even as they lower their monthly bills.

What a contrast from the former government. The member for Simcoe-Grey, when he was energy minister, told the Globe and Mail Report on Business, "The private sector asked us to get out of large-scale government conservation programs that may have made the odd person feel good, but they had absolutely no effect."

It is this type of attitude that saw privatization of electricity fail again and again. But failure means nothing if you've got the privatization religion. In fact, failure probably means you haven't tried hard enough or often enough, if you're a true believer. This logic is identical to beating your head against a brick wall simply because it feels so good when you stop.

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While the former Ontario Hydro, which had the advantage of many fine engineers and technicians and also the economies of scale of having been one of the world's premier electrical utilities, should have been capably managed and run, the previous government rewarded its party loyalists with cozy contracts and empty positions at Hydro One. While top management fiddled, Hydro had to take 4,600 megawatts of generating capacity offline after the massive problems at Pickering.

Successive provincial governments, dating back to the 1970s, have failed to build any redundancy into Ontario's generating capacity, leaving Ontarians one failure or one botched management project from either enormous costs, as we buy base power at peak power—spot market rates—or facing blackouts. We saw the first of those blackouts this past summer.

The reliable and affordable supply of electricity is a long-term and multifaceted set of issues. This bill is a necessary first step. It stops the bleeding of money from Ontario's working families into a sinkhole of debt.

Our present situation need not have been so. Ontario was a net exporter of electricity into the 1990s. Exporting electricity to the United States allowed Ontarians to recover the capital costs of generating capacity through the healthy profits paid to us by purchasing utilities in the United States.

Our present situation, however, seems to have been preordained more than a generation ago. In the late 1970s, the former government of Bill Davis commissioned a Royal Commission on Electric Power Planning. It reported in 1979. That royal commission looked as far ahead as the turn of the century, an event we can now look back upon.

It is instructive to look at that report today with 20-20 hindsight, and recently I did so. That royal commission studied the technology of the day intensively, but it did only a superficial job on what factors might drive demand. Failure to recognize the technological innovations of the 1980s and 1990s can be forgiven, but failure to factor in an immigration-driven population growth and the growth in relative prosperity within Ontario was a grievous error. Those trends, both demographic and economic, were clearly visible then. The royal commission gave the government of the day an excuse to prevaricate, an option it seized with gusto, and they resolutely did nothing.

Nothing is not an option for Ontario. Nothing is not the philosophy of this government. This government's naysayers will simply have to castigate us for what we have done rather than what we postpone doing. This government has a Minister of Energy with the vision to know where Ontario needs to go, the courage to lay out a concrete plan for a secure energy future for Ontario and the integrity to dedicate himself to getting the job done at long last.

Bill 4 is by no means the be-all and end-all, but if I may quote Winston Churchill after the British victory at El Alamein in 1942, "This is not the end. This is not even the beginning of the end. But it is the end of the beginning."

That's why we've put forward Bill 4, and that's why I'm asking for its support.

The Speaker (Hon Alvin Curling): Questions and comments? The member for Simcoe-Grey.

Mr Dunlop: Simcoe North—I just want to correct you.

It's a pleasure to rise this evening to take part in this debate. I think I've said this a number of times in the

House about the particular issue of electricity and hydro in the province of Ontario. On one hand, I commend the Minister of Energy for his efforts in trying to deal with this, just as I commended Minister Baird when he was the Minister of Energy, and I commended Minister Wilson and the people who tried to actually deal with correcting the very, very difficult and complex system we have here in the province of Ontario.

As you go around the room and listen to the debate from the members, particularly the members from the NDP, who believe completely in a public system, I can't go along with that. I think we're going to need private sector investment, particularly in generation, in the province of Ontario, and we're obviously going to have to look at alternatives.

Alternative energy sources are probably the most important direction that any government can go in. I hope we can do that, because at the end of the day, with our growing economy, with our growing population and with a growing industrial base, we need a good source of electricity, not only for our generation but for many, many decades down the road. I hope that in the end this legislation will work. I'm disappointed in removing the cap, because I thought we weren't going in that direction, but at the same time it's important that we consider alternatives in the future.

Mr Marchese: I want the member from Mississauga West not to forget what his leader said prior to the election, and I encourage you to ruminate on the following:

Dalton McGuinty—Ottawa Citizen, November 15, 2002—speaking of the rate cap, says, "This is a quick fix, a transparent attempt to buy votes, to buy favour with our own money." You understand this.

Contrast that to the following—Friday, September 19, 2003, in the heat of the election campaign, your leader: "It will take time to rebuild our hydro system, so we will keep electricity rates where they are until 2006." You understand the point I'm making, member for Mississauga West? Your leader said the rate cap imposed by the Tories was a cynical canard. Following that, your leader then says, "But it will take time to rebuild the system; therefore, we will keep the rate cap until 2006."

You understand what I'm trying to get at, I hope, as a number of you Liberals stand up, each and every one of you, to say "Ha, how often the Tories have flip-flopped." And speaking in reference to the NDP, it's always been in favour of public power, and you say to us that we flip-flopped? I want you to ponder as best as you can the matters that I have raised as they relate to your leader and others we have quoted for your pleasure. So, if you have the time, respond to this as best as you can.

Ms Laurel C. Broten (Etobicoke-Lakeshore): I want to commend my friend on the fact that he talked about the seriousness and the importance of our government in promoting a safe, reliable and sustainable supply of energy.

I want to talk about the fact that for some of us the blackout that happened in August was an inconvenience. I had to walk down 34 flights of stairs in the dark. For

many businesses in Ontario it was very serious. They lost food, they lost production time. They were asked not to run their equipment for several days. But to many other people in our community it was much more than an inconvenience. It wasn't that they didn't have air conditioning and didn't have lights and didn't have elevators; they didn't have ability to protect their food supply.

That very week I was at an event at the Daily Bread Food Bank, and spoke to families who lost their supply of medication, who lost their supply of food and later that week were at the Daily Bread Food Bank because they simply didn't have the ability to replenish the food in their fridge. I talked to mothers whose children had been hungry that week because they didn't have ability to replenish the food in their fridge.

It is serious. The need for us to have a sustainable supply of electricity is also one that we must consider when we think about the young man who lost his life. Sadly and tragically, he was in his apartment unable to use the oxygen, unable to use the air conditioning, trapped in his apartment.

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So when we talk about whether or not a sustainable supply of energy is needed, let's not think about air conditioning, let's not think about lights and elevators. Let's think about the real people who suffered real hardship as a result of the blackout in September, which for most of us was simply an inconvenience. A real sustainable supply, safe and reliable, is much more than a convenience; it's a necessity.

Mr Hampton: I listened intently, carefully, to the member for Mississauga West, just as I listened to him about a week ago on this same issue. I have to tell him again tonight that he's delivering the same speech that the former member for Mississauga West delivered on this issue, but the former member for Mississauga West was a Conservative.

It is becoming more and more clear, I believe, to everyone that the only difference between the Conservative policy on hydroelectricity, which policy was privatization and deregulation, and the Liberal policy on hydroelectricity, which continues to be privatization and deregulation, is that the Liberals are now going to substitute their phony rate cap for the Conservative's phony rate cap. The Conservative rate cap, which you all unanimously supported, did one thing: it tried to hide the very high cost of privatized, deregulated electricity from people during the election campaign.

What is your rate cap going to do? It's going to do the same thing. It's going to attempt to hide from the consumers of Ontario the high cost of privatized, deregulated hydroelectricity.

What we should be debating here tonight would be a bill to get the profit-takers, the fee-takers, the commission-takers off the hydro bill. We should be debating a bill to close the hydro market to ensure that hydroelectricity is provided at cost, so that it is affordable for people.

The Speaker: The member for Mississauga West has two minutes to respond.

Mr Delaney: I thank the members for their comments. I thank the member for Simcoe North. I agree that we need a good and secure source of electricity for our future. I hope that both the member and I can look back on the decisions taken now and agree that they worked.

I also thank the member for Trinity-Spadina. I believe people will ask us years hence not if we tried to perpetuate the unsustainable but if we had the vision to see Ontario's future and the courage to get us there.

I thank the member for Etobicoke-Lakeshore. She and I are on the same page with electricity being the necessary utility that it is.

I especially thank my colleague for Kenora-Rainy River. In fact, I believe the member knows the former member for Mississauga West far better than I do. I believe also that the former member for Mississauga West has left his former residence in Oklahoma and might be looking for a new farm. Perhaps the former member for Mississauga West may end up as a constituent of the present member for Kenora-Rainy River, and I wish the member success should that happen.

The Speaker: Further debate?

Mr Hampton: I listened intently to the comments that have been made. I want to get right to the heart of the issue and take people back to 1998, when the Conservatives brought in their electricity competition act. The Conservatives said at the time that deregulating and privatizing our hydroelectricity system would reduce the price, they said it would bring on new supply, they said it would clean our air and that it would provide us with a reliable, affordable supply of electricity for the future.

I want to remind all the Liberals here tonight that each and every one of the Liberals who were in the Legislature then voted with the Conservatives; that is, you said that you were all in favour of privatization and deregulation of our hydroelectricity system, because you said—and we've heard lots of quotes of your leader, now the Premier, who said, "It will make hydroelectricity more affordable, it'll bring on new supply, it'll clean the air, it's the way to go." I want hydro consumers across the province now to reflect where we are at the end of 2003, almost five years later. I invite you to take out your hydro bill from 1999 or 2000 and compare it to your hydro bill now. What you'll find is that the hydro bill has almost doubled.

So the first thing the Liberals and Conservatives said, that it would lead to more affordable electricity, has certainly been proved false. Electricity is not more affordable; the hydro bill is almost double. And when the Liberal rate cap is substituted for the Conservative rate cap, the hydro bill will certainly have doubled.

Did it bring on new supply? Well, apparently not. One of the things the Liberals are talking about here is that they believe they have to increase the price of electricity because they too hope to bring on new supply. We haven't had any new supply.

Did it clean our air? No, it didn't. The Ontario Medical Association, along with a number of international bodies, points out that in fact the air is getting dirtier. It

hasn't substituted anything for the dirty coal. If anything, the dirty coal generators are operating more in Ontario today than ever. In fact, to make up for the lack of supply, we're importing more electricity from the United States, most of which is provided by dirty coal-generating stations. It hasn't worked on that front either. The air is dirtier than ever.

What else has happened? What else has happened is this: The lights went out. In August of this year, the lights went out, a blackout that extended across all of southern Ontario and at least half of northern Ontario.

So virtually everything that Conservatives and Liberals were saying in terms of what should be done about our hydroelectricity supply has been proven to be patently false—not on one front, not on two fronts, not on three fronts, but on four fronts. It costs more, it hasn't delivered new supply, the air is dirtier than ever and the lights went out.

In that context, what we should be debating here tonight is a bill that says, "We recognize that hydro privatization and deregulation hasn't worked, and looking at what happened in California and Alberta and Montana and Pennsylvania and New Zealand and Great Britain, it's not likely to work. Therefore, we're going to remove all the profit-takers from the hydroelectricity system, and the commission-takers and the fee-takers and the speculators like Direct Energy. We're going to get rid of them. We're going to move to a public, not-for-profit system that provides hydroelectricity at cost and where the government of the day has the capacity to directly move toward greater use of wind and small-scale hydroelectricity, has the capacity to move directly into energy efficiency and energy conservation, and has the capacity to work for more industrial cogeneration."

Is that the bill we're debating? No. There is no effort here on the part of this government to close the private, deregulated hydro market, which hasn't cleaned up the air, which has given us a blackout, which hasn't brought on new supply but has certainly driven up the price.

The Liberal policy on hydroelectricity remains exactly as the Conservative policy on hydro deregulation and privatization. We saw from the Conservatives a phony rate cap that didn't take the speculators off the hydro bill, didn't take the fee-takers off the hydro bill, didn't take the commission-takers or the profit-takers off the hydro bill; it simply temporarily tried to hide how exorbitantly expensive private hydro was during the election campaign. We saw the Liberals, each and every one of them, support that phony rate cap before the election campaign and during the election campaign. Then, what do they do as soon as the election campaign is over? They get rid of it. But did they do anything about the profit-takers, the fee-takers, the commission-takers and the speculators who are driving up the hydro bill, putting seniors on fixed incomes into desperate straits, hurting small business? No, they don't do any of those things, none of those things.

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I just want to refer to some of the other issues that have been under discussion here somewhat. I can

remember, and I've referred to this before, going back with the Conservative Ministers of Energy—Norm Sterling, Jim Wilson, Chris Stockwell, John Baird. They all said that in a private hydro market, if you just let the price of hydro electricity go higher and higher, then it would bring in new supply. Did it work? The hydro bill certainly went higher and higher, but we haven't seen any new supply.

What did I hear the current Minister of Energy say here tonight? He said that if they moved the price of hydro now to 4.7 cents a kilowatt hour and 5.5 cents a kilowatt hour, it would bring on new supply. He's saying the same things that the Conservative energy ministers Norm Sterling, Jim Wilson, Chris Stockwell, John Baird said. Do you know what? It didn't work for them and it's not going to work for you. Those companies will do exactly in Ontario what they've done in California, in Alberta, in Montana.

I was in Alberta last month at an energy conference, and part of what we got to see or hear was a videotape of Ralph Klein. I swear I heard Ralph Klein in the person of Dwight Duncan here tonight, in a slightly different voice, but saying the same things. If you let the price of hydro go higher, they say, it will bring in new supply. Except, do you know what's going on in Alberta? They've had to announce that they're going to finesse deregulation there. They're going to put a three-month slowing down process on it. Do you know why? Because despite the fact that the price has gone higher and higher, there's no new supply. Consumers are looking for the benefit of paying much more on their hydro bill in Alberta, and they can't find it.

Yet what do we hear from this Liberal government? They're going to go down the road of Mike Harris, Ernie Eves and Ralph Klein, except they're going to try to convince people that they're somehow different. They're going to try to convince people that a rate cap with a blue ribbon on it is different from a rate cap with a red ribbon on it, despite the fact that hydro privatization and deregulation continue under the surface. It's not going to work.

There's something else that I find interesting, and people across Ontario very much need to reflect on it. I heard the Liberal leader and the energy minister say on a number of occasions that natural gas is the way to go, that you close the coal-fired stations and you create natural gas. Well, consumers across Ontario better understand that natural gas generating stations are relatively cheap and easy to build. When I say relatively cheap, you might be able to build one for \$500 million, you might be able to build one for \$1 billion, and that's relatively cheap compared to having to build a large hydro dam and generating station or having to build a nuclear station or coal-fired station. They're relatively cheap and easy to build, but anyone who looks at the price of natural gas now and the future prices of natural gas cannot help but come to the conclusion that, because of the very high price and the likely even higher price of natural gas in the future, a government that advocates going down the

natural gas route is literally going to drive the hydro bill even higher, much higher. Yet that is one of the solutions the Liberals are talking about.

Earlier this week, I asked both the Premier and the Minister of Energy to rule out going further down the nuclear road, because our experience with nuclear has not been very good. In fact, the experience with nuclear anywhere is not very good. In Britain, the British government is having to bail out British Energy, the company that owns the nuclear stations there, to the tune of about a \$2.5-billion loan in Canadian funds. That's a lot of money. That's a big bailout. That's a private sector company that's supposed to be operating on its own. In the United States, most of the nuclear stations have had to have some kind of public subsidy to keep them going.

Occasionally you will hear some of the nuclear proponents say, "Oh, there are these new nuclear plants that are being built in Korea, India and China, and they're very affordable." Except, do you know what? The World Bank, which has gotten Third World countries into some real financial jams, refuses to touch the construction of those nuclear plants; absolutely refuses to finance them. Do you know why? They cost too much money; they are not financially sustainable.

Our own history here in Ontario: Every nuclear plant that has been built in Ontario, whether Pickering A, Pickering B, Bruce A, Bruce B or Darlington, has gone over budget on construction costs, not by a few dollars but by hundreds of millions if not billions of dollars. Darlington was supposed to cost \$3.7 billion; it ended up costing over \$14 billion—an \$11-billion cost overrun.

That's one of the reasons why I've been hoping that Monte Kwinter would get up and speak to this issue, because I know Monte was in the Liberal cabinet of David Peterson from 1985 to 1990, when that cabinet struggled at almost weekly cabinet meetings with, "What do we do about that problem, Darlington?" That's when the cost went—and Mr Kwinter would know this—from about \$6 billion in 1985 to \$14 billion in 1990 when construction was completed.

Mr Marchese: They claim we did it.

Mr Hampton: No, what happened is that under the rules that then existed, you could not add the cost of a new facility, a new plant, into the hydro rate until it was finally constructed and came on-line. So the \$9 billion that the Liberals spent completing Darlington—\$9 billion that was all over budget—couldn't be added into the hydro rate until the fall of 1990 and 1991-92. That's one of the problems we struggled with. The plant is completed in 1990, it comes on-line between 1990 and into 1992, it's added into the hydro rate, and so hydro rates start going through the roof. That's why we finally said we're not going to do any more nuclear.

I've asked this government this question a couple of times now at a couple of different locations: Are you going to go further down the nuclear road? They don't want to answer. I suspect what that means is that they are going to go down the nuclear road even further. Even with the almost \$11-billion cost overrun at Darlington,

even with the fiasco that has happened at Pickering, even with the \$1-billion subsidy that Ontario taxpayers have effectively handed the Bruce nuclear station—and the Provincial Auditor revealed that when he looked at it about a year and a half ago—even with that experience, that very expensive experience with nuclear, it looks as if this government is going to continue to go there.

I've tried to outline, the last time we debated this bill and on other occasions, the need for energy efficiency, the need for a thorough, province-wide energy efficiency strategy, the kind of energy efficiency strategy that had been developed under Ontario Hydro during 1991, 1992 and 1993, when Hydro officials came before the legislative committees in 1993 and explained what it was. By the way, the Liberal energy critic at that time—I think his name was Dalton McGuinty—said he was opposed to that energy efficiency. He said it would be too expensive.

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I have tried to point out that that energy efficiency strategy would probably allow us to reduce our electricity consumption in this province by about 5,000 megawatts. It would take us a few years to get there, but we would be able to reduce our consumption, our demand. In fact, reducing our consumption by about that amount would be about what we would need to escape the threat of blackouts and brownouts in the hot summers and the very cold winters. But what did the Minister of Energy say when he spoke to the Toronto Board of Trade just a week ago? He said he didn't really think an energy efficiency strategy was worth pursuing.

I remember another Minister of Energy who said that. His name was Jim Wilson. He was the Conservative Minister of Energy, only Jim was more forthcoming. Mr Wilson said that once the decision to privatize and deregulate had been made, all of the energy efficiency strategies that were then either being put in place or were on the drawing board were thrown out. Why? He was very direct. He said it was because the Enrons and the Brascans and all the other private, profit-driven energy producers aren't interested in energy efficiency strategies. Why aren't they interested? They're not interested because they want to sell more energy and they want to sell it at a higher price so they can make more money. They're not interested in anyone coming around from the Ministry of Energy or from any other ministry saying, "Here's how you can use less electricity. Here's how you can buy a new, energy-efficient fridge and substitute it for the old one that uses too much electricity, and lower your electricity usage and your hydro bill." They're not interested in that.

As I listen to this Minister of Energy and this Premier, it looks as if they are headed down the same road as the Conservatives. They don't want to focus on energy efficiency, even though in their spin they say there is some conservation measure in this bill. I've read the bill carefully. I don't find any reference to energy efficiency and I don't find any conservation measures, other than that they want to drive up the price and keep driving up the price. Then, I suppose, there will be some seniors in

the province who won't be able to pay their hydro bill. I guess that's what they call conservation: people freezing in the dark or not being able to turn on the air conditioner when it's intolerably hot and humid in the summer.

There is no conservation strategy here and there's no energy efficiency strategy. What there is is the same electricity policy that was being pushed by the Conservatives, only now, instead of having Conservative spin, we have Liberal spin. I admit, the Liberal spin is a bit different from the Conservative spin, but at the end of the day, when you move past the spin, it's essentially the same thing.

I say this quite earnestly to all the people across Ontario: Just as we've experienced over the last four years, it's not going to reduce electricity prices; it's going to drive electricity prices up and your hydro bill will skyrocket. It will not bring on new supply, just as it hasn't brought on new supply. It will not clean the air, just as it hasn't cleaned the air. And we'll continue to be at risk of the lights going out.

That's why I'll be voting against this bill. This bill is virtually the same as the bills that were presented in this House by the Conservatives.

The Speaker: Questions and comments?

Mr Hampton: I want to hear about Darlington.

Hon Monte Kwinter (Minister of Community Safety and Correctional Services): I'm going to tell you about Darlington, but first of all I want to tell you, as the member for Durham mentioned, I had the honour of being the Vice-Chair of the select committee looking into Hydro's nuclear problems. We found out at the time that there was a cultural problem at Hydro. They felt they had all of the answers. When we asked why they didn't reach out to get other people's ideas on it, their attitude was, "We don't ask people; people ask us. That's what we do."

The problem we have is that you have to deal with the situation as you find it. The leader of the New Democratic Party has specifically targeted Darlington. I should tell you that when we assumed the government in 1985, we were painfully aware of the problems at Darlington and the overruns. It was a horrible burden, not unlike the burden we're facing right now. The big problem is that when we did a cost analysis, we found we had two alternatives: shut it down and have all the money that was invested go down the drain, or finish it.

The problem was, it cost as much to shut it down as it did to finish it. So the prudent decision was, if you shut it down, you have nothing; if you finish it, you have this huge cost, which you're going to incur anyway, but at least you've got the ability to generate power. That is what in fact triggered that decision. It was sort of like, "Hold your nose and do it," because the options were just unpalatable. You would be wasting this incredible amount of money and you'd have nothing to show for it. So what we had to do was finish it and at least hope that we were going to get some benefit from this investment by the people of Ontario.

Mr O'Toole: I do believe it's worth paying some attention to the member from Kenora-Rainy River. As I

was watching the remarks, I had to reason that he—and I appreciate Mr Kwinter responding as honestly as he has, because he knows full well, as we've tried to outline here today, that you have to look to the history before you take any great steps forward. It's clear again, as you look at the operating reports I referred to earlier, that the NDP inherited this great operating debt load in 1993 and they froze the rates. That's all part of history, and people should know it. We've still been struggling with it. We tried to find an exit strategy and an all-party committee was formed to do that, but I think it's important in telling.

I don't often read the Star, even though it's free. Most of the time it's quite biased, in my view, and perhaps my reading is quite biased as well. Mr Epp and others go on to say—and I'm quoting from the Toronto Star of Friday, December 5, reasonably current, in response to the Epp report—"It is my view that there are people in management who accepted sliding deadlines, accepted excuses ... it's that type of culture which does not take responsibility and which is not accountable for..." In fact, even in the article on another page, "Nuclear Problem Clear Long Ago"—this is Friday, December 5, the Toronto Star as well—it does give some credit to the operating people, to Mr Osborne. He tried to resign a year earlier. In fact, all of them knew that it was almost a turnaround difficulty because of the culture, and they cite it again: "By the time the pros had left with their pockets full, the pattern of cultural dysfunction had been joined by a pattern of inadequate, unrealistic and unreliable costs and progressive failures in reporting systems." Clearly, if you look at the evidence, there's a culture of dysfunction there. It has been stated here; it's not just my view. There have been select committees. There has been all kinds of testimony that I think the people of Ontario should be apprised of.

The Speaker: Questions and comments?

Mr Marchese: Just to remind the folks watching that Gilles Bisson from Timmins-James Bay will be speaking for us next, and I'll be speaking after him, unless of course we can encourage some Liberal to stand up and speak, which—

Mr Colle: I'm next. Mention I'm next.

Mr Marchese: Michael Colle is next.

I've got to tell you this: As our leader was speaking, my colleague from Eglinton-Lawrence said, with respect to the rate cap, that you wanted to keep it there because you wanted to help the seniors. I'm not sure what happened between a month and a half or two ago, where you wanted to help the seniors with the rate cap, and now, where the rate cap has been slightly increased, but they will be paying more. I'm not quite sure how you are going to help the citizens of Ontario. I'm happy to hear that my friend from Eglinton-Lawrence will take the 20 minutes. Beautiful. I'm looking forward to hearing him. Wonderful.

Second, I wanted to thank our leader of the New Democratic Party, Howard Hampton, for a very thoughtful, rational, intelligent defence of public power. This is a book called *Public Power: The Fight for Publicly Owned Electricity*, written by Howard Hampton.

Mr Munro: Is that at Chapters?

Mr Marchese: I get it at my local bookstore, Book City, on Bloor just east of Bathurst Street. You have to defend and protect the little bookstore on the street in your local neighbourhood. Don't go to the big chains; defend the local stores. This book is available in all the bookstores. Those of you watching realize that Howard Hampton made a strong case for public power. We've been consistent from the very beginning, and we, the rest of us, will speak about the inconsistencies of the Liberal Party, because I think people want to know that. Please buy the book. Enjoy it; it's good reading—Public Power.

Mr Colle: I just wanted to comment on the presentation from the member for Kenora-Rainy River. I think the obvious thing is that what's forgotten in all this is that ultimately it comes down to the hydro bill that you get in the mail. Everybody talks about Darlington and they talk about defending Mr Osborne, as my friend from Durham did. The thing is, we on this side are trying to defend the person who has to pay the bill. That is what this is all about.

In this book there isn't any reference to the person having to pay their hydro bill. All they talk about is finger pointing, the legacy of mistakes. They try to defend each other's past commitments. The NDP was in power, just as the Conservatives were in power, and they made a mess of things. We're trying to say that this mess has to be fixed.

This bill is an attempt to come clean with the people of Ontario and say, "We're not here to defend Mr Osborne. We're not here to defend Eleanor Clitheroe. We're not here to defend ideology. We're here to defend Mr and Mrs Panucci, who have to pay the hydro bill. That's who we care about."

At what point will the two parties on the other side ever think of Mr and Mrs Panucci and the difficulty they have with their hydro bill? That's what we have to get to; then you're on the right track for a change.

The Speaker: The member for Kenora has two minutes.

Mr Hampton: I want to first of all thank the minister from York Centre for his comments, because I think Liberals most of all need to hear about the kind of week-by-week wrestling that went on over what to do with Darlington, and the eventual decision to complete it, even though that resulted in an \$11-billion cost overrun. I think this is what people across Ontario need to consider. In view of the fact that virtually every one of the nuclear stations came in over budget in terms of their construction costs, that one almost \$11 billion over budget, and in view of the fact that we now know nuclear stations cost hundreds of millions of dollars a year to maintain—and from Pickering and Bruce A we know now that they cost in the billions of dollars to try to refurbish, I think there's a lesson here for all of us: Nuclear power is far more expensive than was ever advertised. I think the World Bank has it right: It is far too expensive. That's why the World Bank refuses to build or finance nuclear stations in the Third World countries where they're being built now.

I just want to say further—and I say this to the Conservative members—you really should also read the 1995 annual report of Ontario Hydro—it was signed by Bill Farlinger, the golfing buddy of Mike Harris and Ernie Eves. He looks at the hydro operations for that year and says, "We made money this year. In fact, we made enough money to pay our debt down by \$2.4 billion." He says, "Going forward, if we continue with the measures that have been put in place, we'll pay more of our debt down and we'll be sustainable operationally." Slightly after that they decided to privatize the whole thing and it started going off the rails again.

The Speaker: Further debate?

Mr Colle: It is, I think, very important for all members of the House to attempt to explain the critical point we're at in the history of this province. I think it's a very crucial point because of the fact there is so much at stake here. It's not only the provision of power that is essential for economic activity, for ordinary people trying to live in their homes and small business, but it's also critically important because of the impact it has on the finances of this province.

If you look at the sad recent history of Ontario Hydro as we've known it, there has been, obviously, a lack of connection between the managers or the operators of Ontario Hydro and its offspring, Ontario Power Generation and Hydro One, and the people of Ontario and, in fact, the government of Ontario. There has been a disconnect. I think for too long those of us in public office of all parties have allowed this gap to widen between the people of Ontario and their power generator, Ontario Hydro or, as we know it, Ontario Power Generation and Hydro One. Because of this disconnect, we are at a point in our history where essentially we are without generation.

We saw this summer what happened, how close we were when we had a situation that occurred in the United States, in Ohio, that affected us with our blackout here. We know how precarious and how fragile our energy sources are. I think in the past we thought this was an unlimited resource we had that we could basically count upon indefinitely. We know that is not the case, that it is time for us as legislators, as elected officials, to do some bold things for the good of the people of Ontario.

That is why I am very happy to support the energy minister, Mr Dwight Duncan, for bringing Ontario Power Generation back under the control of the government, because it is certainly proven beyond a shadow of a doubt that you cannot trust the so-called previous husbands of industry who were appointed by the Conservative government.

The previous government said, "We're going to have to put a Bay Street face down there and we're going to have to show them how the private sector can fix Ontario Power Generation." As you know, they put in Mr Farlinger, Mr Osborne, Mr Brown and countless others, to the point where it is probably, in the history of this province, the recent gross mismanagement of one of our most precious carriages; that is, the generation of power.

It will go down as a period of infamy in terms of management. It was gross, it was negligent. The worst thing about it was that it basically wasted billions of dollars and we got nothing in return. As we said, that money could have gone into alternative complementary forms of energy or conservation. That is what is the most hurtful thing about the legacy of mismanagement under the Conservative patronage appointments that ran Ontario Power Generation since, I guess, they got into office in 1995-96. It is that that has put us so far behind, whereas Ontario should be ahead of the rest of the world.

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In fact, if you look at the report on Pickering by Mr Epp, a former Conservative federal energy minister, he is without a doubt unequivocal in his condemnation of the management of Ontario Power Generation. I don't think there's been a clearer condemnation of managing a provincial asset than there has been in the Epp report.

I don't think a lot of people in Ontario understand what the real cost of that mismanagement is. It not only means that we lost those billions of dollars, literally; we still, as a result of losing those billions of dollars, have only one out of four reactors working. Three are still non-functional.

What were they doing with all that money? How many hundreds of millions of dollars were wasted on consultants, who did what? That is what happens when you don't have government oversight of a public asset of this magnitude. That is why in this bill we are, along with other measures we have taken recently, trying to bring back control of this asset and trying to map out a strategy that is not going to be an instant, quick-fix solution.

Bill 4, as the parliamentary assistant, the member for Etobicoke Centre, has said, is a reasoned, rational attempt to try and stabilize Ontario Power Generation and Hydro One. That's what it is. In essence, it's an opportunity for us to try to get our energy house back in order. We're not making grandiose promises that everything in this bill is going to be the ultimate solution. It is the first significant and, I think, pragmatic step in saying there have been major foul-ups. That's what we've told the people of Ontario.

As Sean Conway, my good friend from Pembroke, used to say, all of us in this Legislature and the people who have gone before us bear some responsibility for what has happened in our guardianship over Ontario Hydro. This bill is a beginning for us to say to the people of Ontario that we have learned the lesson that you can't allow Ontario Power Generation and Hydro One to go on their own. We need intelligent, comprehensive government oversight, with the best and the brightest minds that are available to us, to rein in this critically important asset. Where it is so evident is that despite Ontario being such a technologically advanced province, when it comes to power generation we really have a lot of answering to do to the people of Ontario.

Certainly I've blamed the other party. They know deep in their hearts that they were probably given the wrong information by their whiz kids for the last eight

years. But I think we all have to say that we bear a joint responsibility to fix this, because we ultimately have no choice. There is an imperative here. We have got to come up with some pretty bold initiatives and we've got to start to think outside the box for a change. We can't just take the words of the latest experts, the latest consultants, on what the solution is. We need to do something that is much more than temporary, something that is a fix for today. It's something that's going to have to look 50 years ahead, 100 years ahead, and we have not done that so far. We have just tried to patch things.

I know that the member for Windsor-St Clair, the Minister of Energy, has been very frank with people in saying that we are committed to fixing this thing and we're not going to tell you it's going to be easy.

I have to say that this bill—I was talking to my colleague from Perth-Middlesex and we agree that this is a very good foundation step. Finally there's a bill that just doesn't try to patch things, and it's a bill that doesn't try to hide anything. If some of the new members here—and I see the member from Mississauga South—had been were here in 1997, there was one of the many hydro bills the Conservative government passed, and they had an interesting clause in the bill. It was the bill that set up the Ontario Power Generation Corp. The clause in the bill that was very ominous said that all matters dealing with Ontario power—and the member from Trinity-Spadina spoke about it too—and all aspects of Ontario Power Generation were exempt from the freedom-of-information act. We asked repeatedly in this House why you would put as part of your legislation, part of the bill, that the establishment of Ontario Power Generation and all matters dealing with salaries, with the internal operations of one of the major assets of this province, would be exempt from the right of the people of Ontario to know about it? In other words, they said to the people of Ontario, "You have no right to know what's happening inside OPG," or, as they call it, Ontario patronage generator. You had no right to know what was in it.

That's what was in the bill and, to our credit in opposition, we did stand up to strenuously object to that. But we were told, "Don't worry. We've got Mr Farlinger in there; we've got all our friends in there. We trust our friends on the board of directors. In our friends we trust." That was their motto. They told us basically, "Don't try to prolong the debate, don't ask questions about what Ontario Power Generation is all about, because in our friends we trust."

You've seen in the recent report, sad to say, that we were right to be cynical and skeptical about why they exempted Ontario Power Generation from the freedom of information act. More than anything I've seen in this House in the last eight years, that was one thing that was almost a pattern. Whenever you saw an activity of government exempt from freedom of information, you knew they were up to something. In the Epp report, we knew what they were up to. We see salaries of \$1.6 million.

Mr John Wilkinson (Perth-Middlesex): For one person.

Mr Colle: For one person. And then if they were fired or they quit, after working two or three years for the measly salaries of \$800,000 or whatever it was, they would also get a pension of \$320,000. In fact, the guys at OPG made Eleanor Clitheroe, the one from Hydro One with the yacht, look like Mother Teresa. I remember in this House, when Eleanor Clitheroe's salary and her shenanigans with Hydro One came up, we said, "What about OPG?" The minister on the Conservative side got up and defended, "How dare you question Mr Osborne. How dare you question Mr Brown." We were getting chastised because we said, "What's happening at OPG? When are those reactors going to come on line?" and they said, "Oh, next week, next week." We were always told, "They're coming. The reactors are coming. The money? Don't worry about the money. No problem."

As you know, in this bill it is critically important that the people of Ontario understand that what we are trying to achieve here is some kind of sustainability, some kind of rational approach to sustainable energy that is affordable. It is not going to be, sad to say, the cheap hydro we've been accustomed to. But, you know, sometimes if something is cheap, you know that in the long run you're not going to get something that you're going to have to use in the long run. So we're saying here that to have affordable hydro, you're going to have to make some tough decisions.

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We've had to say that the cap is now going to go up from 4.3 cents to 4.7 cents. Sure, that's not an easy thing to do, but we're saying it's a realistic attempt to say this is what the cost would be so you can have hydro 10 years from now, five years from now, two years from now. If you don't do that—the past government, as we know, had already driven us \$800 million in the hole by having the cap too low. So we said very clearly, and the Premier said very clearly, "We just can't stand before the people of Ontario and say that that's all right." And that's a tough thing to say.

We're saying that the average household uses about 1,000 kilowatt hours per month. It says in my notes here that the average suburban home—I don't know about the average urban house, but the small, little homes could probably use 750 kilowatt hours. We're saying that if you use a moderate amount and you're somewhat careful, you'll probably pay the lower rate. Then there's a higher rate if you go above that. So it's almost forced conservation, which isn't perfect, but at least it's an attempt to say to people, "You just can't leave your lights on and you can't just run the air conditioner 24 hours a day."

As you know, it's going to take a real paradigm shift here. If you go up and down any street in our communities, and as much as we love Christmas and Hanukkah, we see lights on everywhere. We're not saying to turn Christmas lights off, but we're going to have to start to think of our consumption of electricity in a different way, in a more modest way. As many green advocates are saying, perhaps we're going to have to think of different

ways of using our electrical appliances, using them less, not leaving our computer monitors on all the time, not buying—this Christmas, how many of us are going to go out and buy more electronic appliances? I was trying to think the other day of any electronic appliance that I don't have in my house. I was going through the brochure from the Bay, or whatever it was, and I've got this, I've got the blender, I've got the electric toaster and I've got all this stuff. I said, "There's nothing left." But I'm probably no different from anybody else. We probably all have every electric gadget made by man in our homes.

So maybe what we should think about is that we may want all these things but we don't really need all the gadgets.

Hon Gerard Kennedy (Minister of Education): They should just turn off their TVs right now.

Mr Colle: Just turn off all your appliances, except the TV, the member from Parkdale-High Park said.

I just used that reference to say that we're going to have to start to change our culture of consumption. Look at this building. I really don't know why we need all these fancy chandeliers on. What do we need them for? I just don't know. Maybe that's an example of where we're going to have to start to change things.

That's why in this bill there is also \$225 million for conservation, a \$225-million commitment in this bill for conservation measures. There are no doubt many solutions on the new generation side, which we hope will come on stream quickly as we stabilize the market, but we're also going to have to realize that the quickest way of getting more capacity, I think, is by doing some real conservation—not token conservation; some real conservation. Those are tough things to do. That is going to take a real paradigm shift like we've never seen before in this province. I hope we can, together with the people of Ontario, start to move toward that paradigm shift and get hold of this energy monster once and for all so that Ontario is no longer the laughing-stock of the world when it comes to energy generation and the way we run our most significant asset.

We used to be the model for the world. Sadly, we have really let the people of Ontario down. This is our chance here with Bill 4 to bring it up again to fix it.

The Speaker: Questions and comments.

Mr O'Toole: It's a pleasure to listen to some of what the member from Eglinton-Lawrence said, but I'd take time to get prepared to respond, because in the articles I've referred to of Friday, December 5, I think it's important to recognize this: "But a source close to the industry says senior management must accept" some "of the blame," and I accept that as well.

"Back in the early 1990s, then-Chairman Maurice Strong"—appointed by Bob Rae—"pensioned off most of the engineers who knew how to run the plants.

"Three years ago, President Ron Osborne decided to drop Atomic Energy of Canada Ltd—which designed the CANDU reactors."

I guess what I'm saying there is, when they went to recover the Darlington plant, none of the skilled people—

they almost had to change the Income Tax Act and hire all those engineers and technical people back, exempting them from the rule that prohibits a pension as well as a salary from the same employer.

You know, I look at Bill 4, and the viewers there should know it's a small, innocuous technical bill. But it says in many sections—I would refer a lot of people to 79.6. It allows the Ontario Energy Board to affix and approve new rates for transmission. We're not talking about the generation-side cost.

You see, there's the generation, the transmission and the distribution. We heard earlier, we know generation costs are going up; transmission costs are going up, it says right in section 79.6; and we know the LBCs are going to go up. You said it earlier; the parliamentary assistant said that in March 2004, as well as March 2005, they will be able to recoup profit—not a bad word—but up to, it's my understanding, the point of 9%.

Of course the minister, by the way, reserves most of the control over the operations, and every article I've read said part of it has been the problem of people like Maurice Strong thinking the solution was buying a rainforest in Costa Rica. I mean, these guys were so disconnected, and I put to you I can't wait, because I think there's a big decision probably to be made, and we should watch if there's a Liberal finance minister who becomes the head of Hydro One.

Mr Marchese: I know the good citizens of Ontario watching this program are probably tired, and it's true; I'm getting tired as well. But please don't shut off your television sets. Yes, unplug your toaster, your microwave, even the freezer; unplug that too. Shut down the lights, get rid of all those things, but don't unplug your television. There's still another hour here, at least an hour and 20 minutes. Follow the debate because it's interesting, I think, and I liked it when my friend Michael from Eglinton-Lawrence said, "We're not here to defend Clitheroe"—neither am I, quite right. "We're not here to defend ideology"—not sure about that. "We're here to defend"—who was it, Michael? Mrs who? I'll let you say Mr and Mrs Perruzza, the ordinary guy out there, right? The little guys. We are too.

So your point is that prior to the election, you supported the rate cap because it was good for Mr and Mrs Perruzza, and now you're saying to Mr and Mrs Perruzza after the election, "Yes, it's tough, but we've got to do this," as you call it, "modest, forced kind of increase," which is reasonable. So we wanted to defend Mr and Mrs Perruzza before, and now we've got to tell them, "It's going to hurt a little bit, but we've got to do it, but we're still helping you. You're going to get a rate increase, because that's what it means, but I'm sorry, that's what we've got to do to you now that we're in power."

I've got to say, Michael, that when you were there in the opposition, you and all the others, you did a lot of finger-pointing, because that's our job. It is our job. Now you want us to stop the finger-pointing and say, "Just let the Liberals govern because they're in power, they're OK and they're doing the right things." Well, you're not.

Public power is the answer and I'll have 20 minutes to speak to that.

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M^{me} Laurel C. Broten (Etobicoke-Lakeshore): C'est un plaisir de prendre quelques minutes pour commenter sur notre loi. La loi que nous proposons rétablirait immédiatement le régime normal de réglementation pour les tarifs de transports. Notre plan protégerait les Ontariens et les Ontariennes en leur offrant une solution équitable et prévisible en matière de prix d'électricité. Notre plan tiendrait compte du coût réel de l'électricité.

Ce plan permettrait au gouvernement et aux contribuables de l'Ontario d'arrêter de subventionner la consommation d'électricité, ce qui menace la capacité du gouvernement d'investir dans la santé et dans l'éducation.

Aussi, notre plan enverrait aux consommateurs un message fort et clair en ce qui concerne la conservation de l'énergie. En économisant l'énergie, non seulement économisons-nous notre argent, mais nous protégeons notre environnement, car nous dépendons moins des centrales électriques alimentées au charbon, ce qui préserve l'air.

Il est certain que fermer Lakeview generating, qui utilise le charbon, est une solution très importante pour ma communauté d'Etobicoke-Lakeshore. Nous sommes toujours résolus à éliminer les centrales électriques alimentées au charbon d'ici 2007. C'est quelque chose qui est très important, et c'est pour ça que je donne mon support à notre loi.

Mr O'Toole: I did catch most of the remarks made by the member and I want to take some time on the issue of the fossil—

The Speaker: Member for Durham, if you could take the time when there's another debate; you have spoken before. Questions and comments?

Mrs Julia Munro (York North): I just want to make a couple of comments on the bill that we're debating here tonight. I think that as you listen, many of the speakers have talked about how complex this particular issue is. I think when you look back over, frankly, many decades, it is something that people in public office in this Legislature have been very reluctant to try to tackle. In looking at the press, you can see some of the problems with nuclear and with the question of management. We had the report the other day by the Honourable Jake Epp. Certainly when you look at the media trying to make all of this understandable, I think there are a couple of things that are most important to keep in mind.

One of them is the fact that it was very clear in the past I would say 10 years that we had to move into an area where generation and distribution were separated. We have to then look at how we can best provide for the future. I think one of the areas that is at the heart of this debate is the disappointment people have in the fact that the government of the day did commit to retaining the cap, and what we're looking at is that change.

The Speaker: The member for Eglinton-Lawrence has two minutes.

Mr Colle: Thank you, monsieur le Président. I'd just like to thank everybody for their comments. I listened to you attentively. When I heard the member for Durham condemn Maurice Strong for his attempt to take care of the rainforest or buy some rainforest as a matter of ameliorating the air quality, it just made me think that with the billions his friend Mr Osborne and his friend Mr Farlinger spent on the OPG fiasco, we probably could have bought the whole of Central America, never mind what Mr Strong spent. I think there's an evident message here to all of us that as members of the Legislature we've been elected to be supervisors of the assets of the province, stewards of the assets, trustees. We are here to do that job.

In the last eight years, the party opposite basically were bystanders. They were spectators while they let the backroom boys appoint patronage friends to run Ontario Hydro. We are not going to allow that. In this bill, we are allowing the Minister of Energy to take charge. We are going to make it as transparent as possible. We're going to try to make it as understandable as possible, because when it comes down to it, whether you talk about kilowatt hours or OPG or Hydro One, the people want good, reliable, affordable hydro they can depend on. They're telling us, "Do the job. We don't want to hear all the excuses. We don't want to hear all the past history. Fix it so we don't have bills that drive us out of our homes and out of our businesses. Do your job." With this bill, we're going to be enabled to start to do the job that was neglected for eight years.

The Speaker: Further debate? The member for Trinity-Spadina.

Mr Marchese: I thought Julia was going to speak.

I want to apologize to the citizens of Ontario who are wondering why I'm not wearing a jacket. We've generated so much wind power in here that I've had to take my jacket off, it's become so hot—cumulatively, of course, not any individual in particular.

I know my friend from Eglinton-Lawrence would want us not to review the past. I know that because he argues, "Forget about what we said. Forget about what the Tories did"—they keep on pointing fingers at the Tories—"forget about what the NDP did." Then they argue, "Let's stop all that. We want to solve our hydro problems." You can't do that, right? You can't have it both ways. You just can't.

Those of you watching need to know what the Liberals said before the election—over a long period before the election—so you have a better understanding of the Liberal Party.

Mr Colle: They want to know how we're going to fix it. That's what they want to know.

Mr Marchese: Of course. I understand. I'll get to that.

Interjection.

Mr Marchese: Please, don't shut off your televisions. Shut off everything else. Throw everything else out of the house, but keep your televisions on. We've got at least another 18 minutes here. Gilles Bisson will be coming on right after me.

Mr Mario Sergio (York West): No.

Mr Marchese: Yes.

I've got a couple of quotes from Dalton McGuinty—I regret that I've got to keep putting my eyeglasses on and off. It's painful, but that's what I've got to do.

Mr O'Toole: Did he say anything to qualify it, like, "I'm only kidding"?

Mr Marchese: Not yet.

Mr Berardinetti: I want to hear about Maurice Strong.

Mr Marchese: No, no. You don't want to hear about him, Lorenzo. Dalton McGuinty, your leader—this is better; this is much more.

Interjections.

The Speaker: Order. Could you direct your comments to the Chair, please, member for Trinity-Spadina.

Mr Marchese: I'm just looking for—Lorenzo, where are you? In Scarborough? I keep forgetting.

Speaker, there are some succulent little quotations I have from Dalton McGuinty that would be of interest to you and to Lorenzo from Scarborough. What riding is Lorenzo from?

Mr Colle: Scarborough Southwest.

Mr Marchese: Scarborough Southwest?

You will appreciate these quotes.

November 6, 2002, Midday Magazine: "Liberal leader Dalton McGuinty says Ontario Power Generation should sell some power plants to private companies in order to get real competition in hydro." Just cogitate on that for a second as I get to the next quote.

November 5, 2002, Canadian Press: "Today we have a competitive market without competition. So we've got the worst of all worlds." Follow this, Speaker, because he's saying he supports privatization and competition, very seriously.

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November 5, 2002: "I would never have gone ahead with this without ensuring that we took the steps necessary to make sure that we have a truly competitive market," again, strong remarks for a man who supports privatization. By the way, before the election he said he didn't support it any more.

Le 5 novembre : « Nous appuyons la compétition. Maintenant, nous avons le marché où il n'existe pas la compétition. C'est aussi facile que ça. Ce que j'accuse le gouvernement d'avoir fait, c'est de complètement injecter de l'incompétence dans leur planification pour le marché. Alors, maintenant, il y a un manque total de compétition. »

M. Levac: Exactement la même chose.

Mr Marchese: Exactly, more or less repeating what he had said before and to another newspaper in English.

En français encore, le 5 novembre : « Nous aurions pris le temps pour faire certain qu'il existerait de la vraie compétition. » Not bad.

June 12, 2002: "Let me begin, Premier"—he was making a reference to the then-Premier—"by saying how pleased I am that you've come around to my way of

thinking with respect to Hydro One.” John didn’t hear that. John O’Toole can’t even hear what I’m saying.

He said, “Let me begin, Premier, by saying how pleased I am that you’ve come around to my way of thinking with respect to Hydro One.” He was speaking about Mike Harris at the time, in 2002, coming around to his way of thinking about Hydro One, ie, supporting the privatization, the sell-off of Hydro One.

Remember, this is the party that prior to the election was saying, “We don’t support privatization.” I wanted to point the finger—we need to do that, because history is important. It’s important to remember what leaders said in the past, because I know you want to forget it—I understand that—and I know you don’t want people to remember what you said. I understand that too. But we can’t let you forget it, because it has to do with what we on this side call flip-flopping, of which the Liberals have been accustomed to accusing the Tories and New Democrats.

What I want to say to the people watching is that the Liberals are the best at this, and they make no bones about it. They’ll make one promise prior to the election and change it right after—not a problem. Liberals are so good, always seeking the middle ground. If it wasn’t good before the election, “That’s OK; we’ll change it after.” If it was good before the election, “That’s OK; we’ll change it after too.” It doesn’t matter. Liberals are so good that way. They are the best we have in this parliamentary system. Only Liberals could get away with—you know what I want to say. Only Liberals could get away with—you know what I mean.

Tories can’t get away with it when they’re accused of not doing what they said. God forbid the New Democrats might not keep a promise. But when Liberals don’t keep a promise, that’s OK.

Hon Mr Kennedy: The Agenda for People.

Mr Marchese: Right, Gerard. I would have thought the minister— Not a problem, Gerard, let me get to it. I thought all of you were so clever and so bright that you would have learned from the past, and if others made mistakes and didn’t keep their promises, you wouldn’t be caught in that trap, would you, because you had so many years to learn from it. What happened? Prior to the election a mere two months ago, your leader was saying—let me get to those other succulent quotes.

Mr Shafiq Qadri (Etobicoke North): Exfoliating.

Mr Marchese: Exfoliating. Yeah, that’s another one.

Prior to the election, your leader was saying, “This is a quick fix”—the rate cap—“a transparent attempt to buy votes, to buy favour with our own money.” He knew the rate cap was wrong.

Mike Colle, from Eglinton-Lawrence, knew it was wrong, although he claims he wanted to keep the rates to help senior citizens at the time. But most of you people knew, as your leader indicated, that it was a hoax, a ruse, a way of winning votes.

I have all the other quotes of the leader that say, “I think the most important thing to do at this particular point in time is to put a cap on those rates until 2006”: Focus Ontario, November 23, 2002.

You understand that you can’t have it both ways. You knew, your leader knew, that this rate cap was a political device to appease the senior citizens, who otherwise would have been screaming, as they were for years, that the hydro rates were skyrocketing. So they cleverly introduced the rate cap, but you knew that was costing us at the time \$650 million, and every month it goes up and up to the point that now it’s reached \$700 million and \$800 million. You understand, the difference between 4.3 cents and the real cost has now added to a total debt of close to 800 million bucks. Someone has to pay. Someone has to pay for that—your children and mine. It’s added to the debt.

Your Premier said that he would keep the rate cap until 2006. If he did that, the debt would keep skyrocketing.

Mr Colle: So that’s why we’ve got this bill.

Mr Marchese: But Mike, why wouldn’t you do that before the election?

Interjection.

Mr Marchese: Mike says—

Interjection.

Mr Marchese: Mr Racco, you have to take 20 minutes to speak. Where are you from? Let me see what riding you’re from.

Mr Colle: Thornhill.

Mr Marchese: The member from Thornhill: Please, I don’t mind Michael engaging me; you should engage me too, but you should get up and spend 20 minutes to speak on this bill. Please, get up, Monsieur member from Thornhill, and take your 20 minutes and show us what you have to say. Yes or no? You have the freedom to do that.

Mr Colle: He will. Give him time.

Mr Marchese: I know. I know.

You had the opportunity before the election to do the right thing.

Interjection.

Mr Marchese: No, no, David. You had the opportunity too to do the right thing, member from Willowdale, and you’re smart enough to know this. Yes, you are, because you’re a lawyer.

My colleague from Eglinton-Lawrence said, “But we didn’t know. We were told it was revenue-neutral.” No, no. We all knew. You’re too bright to know, and if you didn’t know, I’m not sure about the level of intellectual awareness around these issues.

Mr Colle: We had our doubts.

Mr Marchese: If you didn’t know, I worry about the intellectual depth of the Liberal caucus members. Please don’t worry, because people think we’re smart around here—at least some people.

The rate cap was a mistake. We said it was a mistake; it’s a problem. We didn’t support it, but you did, and you’ll support it to the very end.

Mr Colle: What were you going to do for those seniors who couldn’t pay their hydro bills? Tell me.

Mr Marchese: OK, I understand, all right. But Michael from Eglinton-Lawrence, you have to listen to

the member from Thornhill, because he doesn't want you to interrupt me. Please, help him to help me to help you.

The point I'm making is that we're not helping Mr and Mrs Perruzza. Let me tell you why: because you've imposed a new rate cap that merely and simply increases the rates; that's all it does. Mr and Mrs Perruzza, Monsieur Marchese, Monsieur Bisson, Monsieur Colle and every ordinary person out there are going to be paying more for their hydro rates. That's all it does. Sorry. There is nothing in the bill that speaks to conservation—nada. Il n'y a rien là. Your cap does not add up to conservation. In spite of what you say, notwithstanding what you say when you say it's a forced increase—I think that's what it was—and it will bring about some conservation, it doesn't do that.

Mr Colle: It will.

Mr Marchese: It will not do that. We need real conservation, and we're not getting it from your government. There's been a denial by your energy minister to do anything in that regard.

Mr Colle: But he's starting to do it.

Mr Marchese: But he's starting. God bless, Michael; he's starting. But up until this point this man was refuting not only the conservation policies, but also was saying that New Democrats did nothing by way of conservation. Nothing, he said. He said in fact that we stopped it.

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Mr David Zimmer (Willowdale): Rosario, you're getting agitated now.

Mr Marchese: No, no. Well, let me be calm.

Mr Duguid: Succulent.

Mr Marchese: Yes.

Mr Zimmer: Calm down, Rosario.

Mr Marchese: David, I don't want to irritate you. Please. If I'm a bit too loud for you, I'll just whisper. Please. Come here; I'll whisper. No problem.

Here's what I want to tell you about our conservation ideas and proposals.

Interjection.

Mr Marchese: Member from Perth-Middlesex, écoute, s'il te plaît.

Mr Colle: Rosario, don't go to Honduras.

Mr Marchese: No, no.

We started in our own house. Shortly after taking office, energy minister Jenny Carter began a program of improving energy efficiency in the more than 7,000 buildings owned by the provincial government. It was a huge undertaking that would take several years to complete.

In addition, we also prevailed upon Ontario Hydro to seriously ramp up its own energy efficiency efforts. In response, Hydro came out with a blizzard of small-scale programs, such as rebates for compact fluorescent light bulbs and discount coupons for small energy-saving products that could be picked up at the hardware store.

Mr Colle: That was a drop in the bucket.

Mr Marchese: You may think that that was a drop in the bucket, but we did that. In spite of the comments made by the Minister of Energy, we did that because we

believed in conservation. That is one of the things we must do to reduce consumption.

Mr Colle: You had beliefs, but you didn't act.

Mr Marchese: We did a lot, contrary to the views of the Minister of Energy.

Interjection.

Mr Marchese: The member from Thornhill is getting upset. My God. Please, stay with me.

Mr Zimmer: It's hard.

Mr Marchese: I know, but that's why you're there, David, and not here. I hear you, I hear you.

Here's what we proposed by way of making sure that we deal with conservation. We proposed creating Efficiency Ontario to lead on money-saving, environmentally friendly energy-saving measures so that people can save money through using less hydro, less gas and less heating oil. We talked about—

Mr Colle: You talked, but you didn't act.

Mr Marchese: No, this was an election campaign promise that we were making.

Interjections.

Mr Marchese: No, we can't act if we're not in government. We're saying that, prior to the election, this is what we were talking about.

We were talking about creating Efficiency Ontario, which would set up and enforce building retrofit standards, recommend the best technologies and practices, certify energy efficiency contractors, monitor results and educate people about conservation efficiency. Efficiency Ontario would work with local hydro commissions to lend you money to pay for measures that would permanently reduce your home, school or workplace energy use, both gas and electricity. It didn't happen because we didn't form the government. You did.

Few buildings in Ontario are as energy-efficient as they should be. Using current materials and technologies, we could reduce our energy use by at least 40%.

The point is, this is what we need to know. All this bill does is increase the rates in order for you to have more money in your pocket and reduce that off-the-books debt. I understand that. That's what this is about. It's not about helping Mr and Mrs Perruzza, I'm sorry, because they're going to get whacked. I'm sorry; that's all this does. It doesn't conserve energy.

I've got to tell you, the private sector has no interest in energy efficiency. It has no interest in conservation. They want you to consume more and more. Competition, privatization, deregulation doesn't help Mr and Mrs Perruzza. It doesn't. The private sector wants consumption. They don't like conservation.

Hon Marie Bountrogianni (Minister of Children's Services, Minister of Citizenship and Immigration): There's a microphone, Rosario. Reduce your voice.

Mr Marchese: I know. I'm a bit too loud for some of the calmer Liberal members, the now government members. I understand.

I'm telling you, this Liberal government—I'll whisper it, because I'm hurting a couple of people close to me—is

committed to the privatization and deregulation set in by the Conservatives.

Mr Qaadri: Is that an old speech, Rosario?

Mr Marchese: Are you getting tired of the speeches?

Mr Qaadri: No, I'm enjoying your theatrics.

Mr Marchese: I'm glad. "Theatrics" again. This guy, man, oh man, he's got it with theatrics. Where are you from again? Etobicoke North. I don't understand. Why is it that when I'm speaking, it's theatrics, and when you speak it's Shakespearean? I don't understand; I don't get it.

Mr Colle: He's new.

Mr Marchese: He's new. Sorry. I apologize.

The point is that privatization, deregulation, doesn't work. What we need is public power. That's what we need. That's what we had. We need conservation to reduce the consumption of power and we need public power, we need hydroelectricity generation in the hands of a government-controlled agency. I'm sorry. It cannot be given away to the private sector, when all they want to do is get into our pockets and make money. That's all the private sector wants to do: make money.

Your bill does nothing but increase the rates, thus hurting the very people you purport to help, and it does nothing, absolutely nothing, to encourage conservation.

I encourage the Liberals to put up another member, maybe from Thornhill or Etobicoke North, to speak for another 20 minutes. Defend your bill, defend it. Defend Mr and Mrs Perruzza with your hydro hype. Defend them, because I don't see it.

The Speaker: Questions and comments?

Mr Duguid: I enjoyed listening to the speech from the member from Trinity-Spadina. I think it's probably a first in this House. I've never heard the word "succulent" mentioned in a political speech ever, but I think I heard it two or three times. So I enjoyed that part of his speech.

He was talking about flip-flops. One thing he failed to mention, and I'm sure he remembers because he was there, is that his own leader said on November 4 that he was for subsidized electricity. In this very House—I can't do a very good Howard Hampton imitation; I'm not really sure how I would—Mr Hampton said the following: "Minister, when are you going to start listening to your own MPPs? They're telling you that talking about a one-time rebate, trying to hide the increases in hydro bills, won't work. They want a rate freeze. They want hydro rates to go back to what they were a year ago. Will you do that, Minister?" On November 4 he wants to see a rate freeze.

On November 12, Mr Hampton said the following: "The government is now going to ask people to subsidize profit-driven hydro companies through the taxes we pay." On November 12 he's against the rate freeze.

On August 21, 2003, Howard Hampton said, "The rate cap never ever made any sense." On November 20, 2003, Mr Hampton again spoke against lifting the cap.

When we talk about flip-flops, his leader's been for and against it about two or three different times. So I think it's important that the member remember that,

because he was part of his party at that point in time as well.

We're trying to deal with a difficult problem here, a \$5.6-billion deficit. I go back to 1990 and I say, what did your government do in 1990 when you were faced with a deficit? You doubled, you tripled that deficit. You ran it up. You tried to spend your way out.

We're not going to do that. We're taking on this deficit head-on. This bill's an important part of that effort. We're levelling with the people. We're going to ensure that we get the job done.

Mr Dunlop: I'm going to do what Mr Marchese always does. He always tells the people at home the time. It's now 10 after 11, if you can believe it, and we've just heard another fantastic speech from the member from Trinity-Spadina. There is no question, ladies and gentlemen, and for the people at home as well, that this is one of the most colourful members of this Legislature. He has been and probably will be for a number of years.

However, he doesn't get it with hydro. During the election campaign, an ex-Ontario Hydro employee brought me a videotape of the chairman of Ontario Hydro. I think at the time it was Maurice Strong. It was when they were going to restructure Hydro, and Mr Strong said in that 15-minute clip, "Change for Ontario Hydro is not an option. It's completely necessary." They had to make changes.

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Today we stand in the Legislature and we hear the comments tonight and we hear Mr Marchese say that what was there before was perfect. Ladies and gentlemen and members of this Legislature, we all know that we are all responsible, all the different political parties, for the condition hydro is in today. It goes back decades. We can all blame and point fingers at each other, but we've all made mistakes. I hope this isn't a mistake this time. It's a broken promise, but I hope in the end it's not a mistake, that we're moving in the direction to resolve our hydro issues so we can maintain a strong economy and create jobs and do all those sorts of things we want to do in the next 10, 15, 20, 30, 40, 50 years and keep Ontario strong.

Mr Bisson: Thank you very much to my good friend, the member for Trinity-Spadina. I really enjoyed his presentation. I thought he hit the nail on the head when he asked what this means to Mrs Perruzza, who lives in downtown Toronto, or Monsieur Bisson, who happens to live up in Timmins-James Bay. At the end of the day, it's the ratepayers who are going to be affected.

His point is well taken. First of all, the government broke a promise. The government campaigned that they were not going to remove the rate cap until the end of the rate cap set up by the previous government. That was a solemn pledge.

So the first part is, this is a broken promise. Aside from that, all this thing does is that it's going to raise the rates people pay for hydro in Ontario. Right now, we pay 4.3 cents per kilowatt hour for electricity, aside from all the other charges we get that are about half our bill. Now what we're going to end up with is that by April of this

year hydro rates are going to go up to 4.7 cents a kilowatt hour. So Mrs Perruzza or Madame Bisson, who lives up in Timmins-James Bay, know they're going to get an increase in their hydro bill to 4.7 cents as of April 1 of this year, and everything over 750 kilowatts is going to augment to 5.5 cents. But that's not bad enough. Rates by May 2005 basically are going to be market-driven. They're going to do what we currently do with natural gas. Remember the natural gas people? They're the people who go to the Ontario Energy Board and say, "We want retroactive increases for gas that we burned last winter." This fall you got your increase; the Ontario Energy Board approved, on average, a 30% increase on gas.

And we're going to be better served, Mrs Perruzza here in Toronto and Madame Bisson up in Timmins, by having an increase to their hydro bill in May 2005? This is not only a broken promise; it means we're going to pay more for hydro, and I fail to see how that helps Mrs Perruzza or—

The Speaker: Thank you.

Mr Wilkinson: I always enjoy the theatrical and colourful presentation from the member for Trinity-Spadina, but there's a time and a place. The good people of Ontario are at home and they're just having their little midnight nosh, they're having a little something, some milk and cookies before they go to bed. You don't want to come across too loud, too strong, because that is too much, Rosario.

I listened to the debate intently, to what you were saying about how there are no measures for conservation. I have a hard time believing that myself, because in our bill we have incentive for our electrical distribution companies to take money and reinvest it into conservation.

I was meeting with Bill Zehr. Bill is the head of Festival City Hydro in Stratford, the home of the Stratford Festival, a wonderful place for you, Rosario; there's always room for you there. Bill was telling me that we have a technology in Stratford whereby all the water heaters that the Festival City Hydro send out have an electronic device that sits on top of the water heater. Water heaters take a lot of electricity. We're not home, but our water heaters are spinning electricity and keeping that water warm for when we come back. When we have peak demand and we need supply, we use technology in Stratford. There's a radio signal on top of the water tower and it sends out a signal to all the water heaters to say, "Shut off the water heater. We can't afford this electricity right now; we need to control that demand." Not a single person in Stratford has ever phoned Festival City Hydro and said, "I don't have hot water." We need to have the measures in this bill that allow us to invest in that type of technology, that allow us to use conservation. It allows us to do these things. I'm so proud that in our Bill 2 we are extending, as the NDP agreed, the Energy Star rebate till March 31. I think this government is doing something.

Mr Marchese: I just want to say to the folks that Gilles Bisson from Timmins-James Bay will be speaking next, so please stay tuned. Shut off every other item that

you're using this evening. Conserve, but please stay tuned, don't go away. Hold on to your soggy socks because I'm telling you the next step after this rate increase is going to be the privatization and the continuation of the deregulation policies introduced by the Conservative Party. Mr McGuinty is committed to this. I'm telling you, hold on to those dirty socks.

Leader Dalton McGuinty says Ontario Power Generation should sell some power plants to private companies in order to get real competition in hydro. Today, "We have a competitive market without competition, so we've got the worst of all worlds." Mr McGuinty is committed to privatization, I'm telling you. That's why I read those quotes.

This is the first step toward the next one. The rate hike is but the first step. That's why I say to you, go back to the quotations of the Liberal leader. My colleague says, "We've got to think outside of the box." Outside-of-the-box thinking, in my mind, means they're contemplating continued deregulation of the market and the continual privatization of Hydro One and Ontario Power Generation. That's all it means. That's what thinking outside the box is all about. Just stay tuned. Don't go away.

This Bill 5 increases rates and nothing more. The poor citizens of Ontario are going to have to face that rate hike. There is no conservation. The only answer that we've defended is Public Power—read it—written by Howard Hampton. Public Power is the only answer to the problems we have faced since the Tories introduced deregulation and privatization, continued by the Liberals.

The Speaker: Further debate?

Mr Sergio: I'll be delighted, as always, to give members of the third party, the NDP, their time in the House so we cannot be accused of neglecting to hear the voice of the NDP, which, of course, represents a good chunk of the Ontario electorate. Why shouldn't we? That is why we are here tonight at this particular hour. I can't even see the clock from where I'm sitting in the House, but from any place, whether you can see the clock or not, as Rosario would do from time to time, we say we are sitting in this House debating one of the—

Mr Marchese: It's live.

Mr Sergio: It's live, yes, and to add to that, my friend from Trinity-Spadina, we have seen, I believe, the Leafs winning again. We are waiting very avidly for news from Ottawa to hear who is going to be in the next Liberal Martin cabinet. It's a very eventful night.

We are here debating a very important issue. It's not that this is the funny hour, as some would say, when we go beyond 9 o'clock, 9:30, 10 o'clock, but it is a very important issue. When we introduced this particular piece of legislation, it formed part of the policies that our leader Dalton McGuinty enunciated during the electoral campaign. We are moving very rapidly because I believe the people out there and both sides, the NDP and the Conservatives, want us to do the right thing. Absolutely, I am very confident that the Conservative members and the NDP members want us to do the right thing. So even though we are debating the issue and we hear a number

of different views, which is fine, in their hearts they know that we have got to do it. We have to do it, not because we say so, because we are the government, but because it is the best thing for the people of Ontario.

Mr Marchese: Mr and Mrs Perruzza.

Mr Sergio: Absolutely. Do you know what, my friend Rosario? We are some 40 years behind in doing the right thing. When our friend, I believe it was the member from Simcoe North, said, "All governments in the past made mistakes"—

Mr Marchese: Oh, yeah.

Mr Sergio:—and you agree. Of course they did. Why did we let it go for 40 years if we knew it was wrong? I believe that this is the time to take the bull by the horns and say that what the Conservatives did for 40 years—and then there was a series of Conservative governments, and then we had some Liberals and then we had some NDP. No one said, "Hey folks, let's stop playing this game. Let's stop using hydro as a football, because down the line, something has got to give."

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When Dalton McGuinty said we have to get our house in order, he meant that. He didn't mean to say that we're going to do this and that, or something will fall from the sky—no, no. He started saying, "We've got to do something. We've got to get our house in order. We've got to get hydro under control as well, so we can do all the other things that we said we would do with respect to health care, education, the environment and so forth."

In the commotion when I started, I didn't take a look at the clock, but I believe I started about 20 minutes ago, so I have about another five minutes. I am going to divide our time with the member from Scarborough Southeast, I believe.

Mr Berardinetti: Southwest.

Mr Sergio: Southwest. Close enough.

We have to say that it is time to stop the bleeding. It is time, on behalf of the people of Ontario, to say, "Folks, we have been living perhaps too well with respect to hydro. If no one has done anything for 40 years, let's take a look at it." Because everyone, including my friends the Perruzza family—Ontario taxpayers—when they get their hydro bill, what do they see on that bill? I believe we are paying some 8%, which represents half of the stranded debt—some \$38 billion—which all the Perruzzas of Ontario have to pay on a monthly or a quarterly basis, whenever they get their hydro bill. It's right in there. Do you know what? Now it's being imposed on the Perruzzas of Ontario that they have to pay.

Do you know what's odd? As we debate the pros and cons of whether this is good or not, members on the opposite side—excluding the ones in the middle because they belong to the government side. We are saying, if we don't do it now, who is going to do it? We presented it to the people of Ontario in such a way that they said, "I think it's fair. I think it's the start of bringing stability to this most unstable and most important agency in Ontario."

Everybody spoke about this cap. With all due respect to the members, and even Mr Hampton when he said, "We never wanted the cap," and stuff like that, and "You guys supported it"—well, he didn't want the cap but now he's the first one to say we should have the cap. Do you know what this means? It means continuing to perpetuate on the people of Ontario the same state that we did for the last 40 or 50 years.

Since the cap came into the picture, I think we have increased the \$5.6 billion—we all agree it's there. We have added to that some \$800 million. That transfers into some \$280 million, I believe, in a year's time—\$280 million to service the increase which the former Conservative government caused because of the cap. You think it's fair? I don't think it's fair.

When we said to the people of Ontario, "What would you rather do, pay maybe an extra \$5 a month and see that we get rid of this monster, see that we start to deal with those issues and bring some sanity into the health care system, into the education system, into long-term care, into the tuition issues for our students, into clean water, clean air?" they said, "Yes, we would rather do that."

We have to have the fortitude and the foresight to tell the people of Ontario the truth. We have been speaking a lot recently in this House about being honest, truthful and transparent. If we can do that, the people of Ontario will recognize that and will appreciate what the Liberal government is trying to accomplish.

If we don't take care of that, the increase on the \$800 million alone will be growing to about \$1.1 billion by 2007. I don't have to tell my friends in the House here what a government could do with \$1.1 billion.

Therefore, as my time is coming to a close, and I'm not even having the possibility of mentioning a quarter of what I wanted to say, let me say to the members on the opposite side, let's stop playing games with this important issue. Let's look at the facts. Let's look at the reality. Let's look at what the people of Ontario want. Let's work with the government. Let's start to do the right thing. Let's bring some sanity and some long-term stability to a very important area for the single taxpayer, for the small business person, who is being very adversely affected by the present situation. I am sure that with proper consultation and the right attitude we can bring some reasonable, long-term stability to Ontario hydro.

Mr Berardinetti: I thank the member for—York Southwest is it?

Mr Sergio: York West.

Mr Berardinetti: York West. My apologies; my riding is Scarborough Southwest. I thank the member for York West for sharing his time with me.

We've been through this quite extensively in terms of debating it and earlier readings and also with committee, and we've heard the announcements made by the minister regarding the situation with Pickering, dealing with some of the bureaucrats there and some of the other bureaucrats who work at OPG.

I'm glad the member for Trinity-Spadina is back, because I just wanted to—

Interjection.

Mr Berardinetti: I'm new, so I'm learning. What I want to say is that during the recent election, it wasn't too long ago, a few months ago, when I was knocking on doors like the rest of us were, and people were saying to me, "Mr Berardinetti, fix the problems. Fix the problems of education. Fix the problem of health care. Fix the problem with the blackouts and the electricity problems that are occurring in Ontario," which is supposed to have one of the best natural resources in terms of Niagara Falls, some of the earliest and best nuclear stations, some of the best universities that can look at innovative, new energy sources. People want solutions to problems.

To the member for Trinity-Spadina, who is saying, "Please stay up and listen. There are a lot of problems with what the Liberals are trying to bring forward," the Liberals today, the government today, are trying to fix a problem. They are trying to fix a huge asset, a huge entity, which has existed for many, many years, which, as some speakers said earlier, is the responsibility of all members here and has gone on from earlier Legislatures. It didn't just pop up today or in these last few months; it has existed a long time.

So what have we done? We were elected on October 2. The cabinet was sworn in on October 23. We began sitting in November; the government began sitting in November. One of the first bills we bring forward is Bill 4, to deal with the energy and the electricity and the price cap put in place by the former Tory government.

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Simply put, the price cap is unrealistic, and that's been echoed by many earlier speakers. Some of them are perhaps much more knowledgeable about this than I am, but the bottom line is that we need to fix a broken problem. I just want to basically bring to this House's attention some research I've been doing.

I look at a book called *Rae Days*, by Thomas Walkom. In his book he talks about 1992 and what was happening at that time. He mentions in his book that "Hydro was in serious straits." He says the "recession had slashed the demand for power" and "at the same time, the massive Darlington nuclear station east of Toronto had finally come on line, increasing the utility's generating capacity. Darlington, begun by the former Conservative government in 1981, had been a disaster—fraught with delays and cost overruns. When it finally came on-stream 10 years later, its cost was \$14 billion, more than twice the original estimate.

"Hydro had borrowed heavily to pay for Darlington, Pickering and the province's other nuclear plants. By 1992, it found itself with a massive \$36-billion debt.

"The utility's response had been to jack up rates. By 1992, rates were 30% higher than they had been two years earlier when the NDP had come to power. Senior citizens were flooding Energy Minister Brian Charlton's office with calls, saying they could no longer afford to

pay their electricity bills. The province's manufacturers" did the same thing.

"To make matters worse, Hydro Chairman Mark Eliesen—Rae's personal appointment—had just quit in a huff."

The book goes on to say that Maurice Strong was brought on board to try to deal with the problem. Maurice Strong was supposed to be seen as this guru who could solve the problem. The book goes on to talk about what he tried to do. He and Bob Rae and the government of the day were trying to find a solution to the problem.

The book then goes on to say that the salary paid to Strong was in the \$400,000 range and also that no solution could be found to the energy problem. "In May 1994, Wildman"—who I guess was a member of the NDP government at the time—"was annoyed and embarrassed to find that, without notifying the government, Strong had begun negotiations to purchase a 12,500-hectare rain forest in Costa Rica. Opposition MPPs pointed out that Strong had investments in Costa Rica and questioned why a crown corporation that was \$36 billion in debt needed a rain forest. The newspapers had a field day with, as one Toronto Star headline writer called him, 'Mo of the Jungle.'

"Strong, however, was unrepentant. Jungle acquisition was an idea worth looking into, he insisted, one in line with the most modern principles of sustainable development. After all, trees in Central America could absorb the carbon dioxide that Hydro and other world polluters produced. Critics, he said, were focusing 'primarily on the petty, the peripheral and the parochial.' Ministers such as Frances Lankin who were dubious about the jungle scheme were speaking 'impulsively.' Soon, some of Strong's powerful friends in business and politics were telephoning opposition MPPs such as Liberal Sean Conway, advising them to lay off. The story quickly died....

"When Strong announced he would lay off 4,500 Hydro workers, the Premier praised him for being 'courageous.' While Rae had never been comfortable with the idea of Eliesen making \$400,000 a year, he saw nothing wrong with Strong's \$425,000-a-year salary. Indeed, when reporters questioned the sum, the Premier seemed personally offended that anyone could question the worth of such a man."

I welcome anyone to read this book. It's research I've done myself. I have also read excerpts of Mr Hampton's book on public power. Again, I don't buy the idea of doing it. In fact, the previous book I was reading from made it clear that very serious problems existed, that a \$36-billion debt existed, and the problem was not solved.

We're not saying that tomorrow morning people are going to wake up and everything will be solved. What we're saying is that the rate cap imposed by the Tories is unsustainable, it's not revenue-neutral, as we originally believed it would be, and the solution is to raise that cap and to bring in other reforms that will help to make the system work.

When I started speaking a few minutes ago, I said that when I knocked on doors, people said to me at the door,

“Mr Berardinetti, fix our problems.” Fixing our problems doesn’t mean maintaining artificial rates, price caps, that are going to cost, indirectly, millions of dollars. Fixing the problem doesn’t mean running off to Costa Rica and buying thousands of hectares of rain forest for God knows what reason. Fixing the problem doesn’t mean paying bureaucrats tremendous amounts of money and not letting those amounts be known to the general public.

We have introduced legislation this week to start opening and looking at the books of OPG and of Hydro to see what people are making there, to see what’s going on there. This closed door, this cave will finally have some light shed upon it and hopefully we will begin to move in the right direction.

That’s one of the reasons I ran in the last election. I truly believe that this government and the energy minister and all members of this Liberal government are trying to find solutions to difficult problems. We cannot be everything to everybody and we don’t claim to be everything to everybody. Whether it be discussion on the school tax credit or giving seniors the tax break, we had to say no to people, and here is another tough decision where we have to say, “You know what? The cap that was set was artificial. We’ve got to move it in a direction that solves the problem, and this particular legislation does it.” That’s why I support it.

The Speaker: Questions and comments?

Mr O’Toole: I think we’ve really beaten this little thing to death. It doesn’t seem that the Liberals are prepared to move one bit, from everything I can perceive here. I think there are a few things that are missing.

There are a couple of policy decisions I’d be happy to know in some detail in the response to this: if they’re going to introduce anything about time-of-use metering or time-of-rate metering; whether they’re going to use anything that was mentioned by Mr Wilkinson, the fact that there are communities, local distribution companies, in Ontario that do have the kinds of simple techniques and technology that are about \$300 per household that would give consumers some power to turn off that hot water heater at the right time. It’s without those tools that I’m afraid of those persons.

The people who are the most vulnerable, the seniors perhaps on fixed incomes, who may not be technologically interested in some of these innovative solutions, are not being given any help. In fact, sometimes you have to invest a few dollars to save a few dollars.

Another thing I hear a lot about is—I live in a very large, agricultural riding in Durham. In fact, some very innovative farm leaders, not just in greenhouse who put on a demonstration here tonight using biomass, but wind technology—I’m familiar with Iowa, which is one of the largest dairy states in the United States, and almost all of the farms have wind generators, which actually allow net metering. In other words, when they’re not using the 20 or 50 kilowatt hours, it’s feeding back into the grid, and they’re getting paid for that power that’s not being used.

I want to see some really innovative suggestions. I’m prepared to say that even we had an exit strategy. We

told the truth about it, and the other side maybe didn’t understand and that’s why they promised one thing and did another. But allowing new solutions to this problem is really something that would lead me to support this otherwise failed promise.

Mr Bisson: I thought it interesting that both the government members said, “We’ve got to get on with the job,” and that somehow they were going to go out and fix the problem. I just want to remind the two members who spoke that the job that you promised you would do is what? It was to keep the rate caps on. Now I think the rate caps were, quite frankly, the wrong thing, and that’s why I voted against them. But I listened intently in the last provincial election, and Liberals went around knocking on doors and said, “Vote for us. We’re going to keep the rate cap in place until 2006.” I remember that promise. So for Liberals who come into this House today and say, “We’ve got to go and do the job,” I guess the job is to fill John Baird’s promise-breakers club. That’s what they’re doing tonight. They all want to be members of the John Baird promise-breakers club. They’re all trying to get on the record tonight to show that they can break promises as backbenchers in a Liberal government just as well as Dalton McGuinty can. I thought that was an interesting point.

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Then they come here and say, “The opposition has got to stop playing games.” I thought that was rather interesting, because I remember that Mr Sergio and other Liberals sitting on this side of the House railed against the government on hydro, one day saying they were in favour of privatization, the next day saying they were opposed to privatization; one day saying they wanted the opening of the market, the next day saying they didn’t want the opening of the market. They were all over here till Sunday when they were sitting in opposition, and all of a sudden they become the respectful government members who say, “We’re here to do the job.”

I remind you that the job you were charged to do was not to break your promise, which was to keep the rate caps in place. You’re all breaking a promise when you stand up in this House and talk about the positiveness of this bill. You’re joining Dalton McGuinty’s Liberal promise-breakers club that has been set up by Mr Baird.

I just say to the members across the way, you Liberals are really, really good at breaking promises.

Ms Jennifer F. Mossop (Stoney Creek): As I mentioned in my maiden speech earlier—and I’d like to thank all who stayed and so courteously listened to my maiden speech; thank you so much—my grandfather worked with Sir Adam Beck, the father of Ontario Hydro. I now reference what the member from Simcoe North mentioned—I believe I heard this correctly—that the mess of hydro was caused here by successive governments. It became a political football. The one thing that this bill does very clearly is it takes the pricing for hydro out of the hands of the politicians, it takes it out of the football field and puts it in the hands of an independent body, the Ontario Energy Board. That is a

very good first step to depoliticizing this process. This is a very sensible bill. This is a sensible start to cleaning up, as the member for Simcoe North mentioned, a long-created mess in this case.

I listen in this House day after day—and I've worked in the media, and I know the way these sorts of things work with opposition parties. They say it over and over again. If it's a mantra, then they actually think that maybe they make it true. There are no broken promises here. It is getting down to doing the work. So they can say "broken promises" day in and day out, because they have nothing else really interesting to say, but it does not make it true. We are doing a solid job here. We are working very hard to clean up not just the mess of the previous government, but the one before that as well.

Interjection.

Ms Mossop: Yes, the mess behind me. We're trying to clean up the one behind me here as well. It's going to take more than less than two months in office to do that. The people of Ontario know that. They're sensible people. They understand that there's a problem here to be fixed. Everybody I've talked to understands it, and they are willing to be patient and let us do our job.

Mr Marchese: The focus of this bill is to increase rates, recap the cap. That's what the bill is about.

Mr Colle: Adjust the cap.

Mr Marchese: The member from Scarborough Southwest says that during the election people told him—Mr and Mrs Perruzza types—"Just fix the problem." Fixing the problem was keeping the rate cap. Dalton McGuinty said, September 19, 2003—remember, the election was October 2; just a couple of weeks before—as he was talking to Mr and Mrs Perruzza at the door, in terms of fixing the hydro problem, "It will take time to rebuild our hydro system, so we will keep electricity rates where they are until 2006."

I'm not sure, as a former journalist from Stoney Creek—that's what her leader said repeatedly over and over again; that's what he said.

The member for York West says, "We have a stranded debt; it's big." So why would you so naively support the rate cap that adds to the stranded debt to the tune of \$700 million? Don't tell me you didn't know. You can't be that naive, or totally out of odds, or so lacking insights or intellectual foresight not to see that. Please, you're making me nervous, and you're making the electorate nervous about your ability to run this place.

So after the election, says the member for Scarborough Southwest, "The rate cap is unrealistic." Well, Dalton didn't think so two weeks prior to the election. He didn't.

The answer is conservation, which Bill 4 doesn't do, and public power, which is what our leader recommends, as a solution to our energy problem.

The Speaker: The member for York West has two minutes to wrap up.

Mr Sergio: My thanks to the members for Durham, Timmins-James Bay, Stoney Creek, and of course my friend from Trinity-Spadina.

As I said before, if there is one thing the members of this House want and the people out there want from their own government, it is—

Interjection.

Mr Sergio: Yes, I think we have a very good start. It's to have a very prudent and very transparent government. I believe that in the last few days we have been in power we have shown that to the people of Ontario and to the members of the third party and to the members of the opposition. The people of Ontario want nothing less than a fair, transparent government. If we had had that transparency years ago, we wouldn't have this mess today on our hands. We absolutely wouldn't have this mess.

So what we are saying—and what the people of Ontario want to know—is that with the \$280 million in interest that we have to pay on the debt that has been accumulated in the last eight months, we could pay for some 15,000 nurses, some 16,000 teachers and some 1,000 MRI machines. These are the things the people of Ontario want to hear. This is what we mean when we say we have to start to fix the problems here. Hydro is only one, but I think there are so many other things the people of Ontario want us to do.

Mr Colle: What about the seniors?

Mr Sergio: Of course, the seniors occupy number one with every member of this House, I will say to this member, and they deserve our attention. When it comes to hydro, we are taking them into consideration.

The Speaker: Pursuant to the order of the House dated December 4, 2003, I am now required to put the question.

Mr Duncan has moved third reading of Bill 4, An Act to amend the Ontario Energy Board Act, 1998 with respect to electricity pricing.

Is it the pleasure of the House that the motion carry?

All those in favour, say "aye."

Any against, say "nay."

It seems the ayes have it.

Call in the members. This will be a 10-minute bell.

I have a note here, and this note is dated today, December 11, 2003. It says, "Pursuant to standing order 28(h), I request that the vote on the motion by Mr Duncan for the third reading of Bill 4, An Act to amend the Ontario Energy Board Act, 1998 with respect to electricity pricing, be deferred until Monday, December 15, 2003." The vote is deferred.

It being close to 12 of the clock, the House stands adjourned until Monday at 1:30 of the clock.

The House adjourned at 2349.

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