

December 8, 2011

RE: OCC Submission on Feed-In Tariff (FIT) Program Two Year Review

Dear Mr. Amin:

The Ontario Chamber of Commerce (OCC) is a federation of 160 local chambers of commerce and boards of trade in Ontario, representing 60,000 businesses of all sizes, in all economic sectors and from every area of the province. Our members employ about two million people and produce about 17 percent of Ontario's Gross Domestic Product. The OCC's mandate is to advocate strong policies on issues that affect its membership throughout Ontario's business community.

We appreciate the opportunity to comment on the Ministry of Energy's Feed-In Tariff Program's Two Year Review that will be used to examine program rules and pricing to ensure a sustainable renewable energy program in Ontario.

Energy is of major strategic importance to Ontario's long-term economic health and competitiveness. The OCC applauds the Ontario government for recognizing this and moving forward with implementing the *Green Energy and Green Economy Act, 2009*. The Green Energy Act and the complementary Feed-in Tariff (FIT) program has made Ontario a leader in clean technology and an attractive place for investment. The OCC has developed a number of strategic policies that build on the reforms undertaken by the Government which seek to keep Ontario's businesses competitive in the global marketplace while ensuring continued access to abundant, reliable and affordable energy supplies. The Ontario Chamber of Commerce energy policies are enclosed for your consideration. Our specific comments related to the review are set out below.

A DIVERSIFIED SUPPLY MIX

Concerns related to protecting our environment and reducing carbon emissions are driving a shift towards energy from renewable sources. While Ontario's first priority is to ensure an emission-free supply, a diverse portfolio of energy supply choices provides the best insurance toward a reliable and affordable electricity system to meet both baseload and peak demand.

In 2007, the province diversified transportation energy supply by introducing a 5 per cent bio-ethanol standard for gasoline. Further promotion, production and use of alternative fuels like hydrogen and biofuels (ethanol, pure vegetable oils, diesel, etc) could contribute to a reduction in energy import dependency and in emissions of greenhouse gases.

Ontario's economy depends heavily on conventional fuels, including petroleum derivatives. As the population grows, so will the demand for fuel. Almost three quarters of our total energy supply comes from fossil fuel. While the Ontario government has made significant steps toward diversifying our energy supply, our policy makers can do more to create an environment that promotes diversification of fuel supply, fosters conservation and fuel demand management policies. Tax incentives promoting development of fuel efficient technologies coupled with R & D investment in energy efficient technologies and the availability of competitive alternative transportation fuels in our daily lives could make a difference for Ontario's economy. Ensuring a diversity of supply will also help business invest in new technologies that will help meet their needs in a more sustainable manner.

To diversify Ontario's energy supply mix, the OCC recommends that the Government of Ontario:

1. Develop a long-term plan to diversify fuel supply mix, promote fuel conservation and energy efficient technologies, and foster consumer demand management for fuels
2. Undertake analysis of the environmental, economic, and social impact in order to decide whether it is advisable to increase the proportion of bio-fuels in relation to conventional fuels
3. Promote and invest in research and development oriented towards vehicles using alternative fuels (e.g. hydrogen cells, electrical cars, biodiesel, biogas, bio-ethanol, bio-methanol, pure vegetable oil, etc.)
4. Develop effective demand management policies for high density urban centers by encouraging commuters to use oil efficient mass transportation systems – buses, trains, car pooling; consider developing “low hydrocarbon diet” standards and versatile, oil efficient engines for public transportation systems, etc.
5. Educate the public on:
 - a. What is at stake and why these types of investments are needed
 - b. The advantages and importance of fuel diversification within their own communities and businesses
 - c. The advantages for the environment and the sustainability of the economy.
6. Secure a more predictable and less single fuel source (crude oil) dependent economy/society
7. Undertake steps to increase the refining capacity in the province
8. Work with the federal government to immediately establish incentives to secure a diverse and adequate supply of fuel capable of stimulating the domestic economy

DEMAND MANAGEMENT

There are growing concerns in the business community about the reliability and cost of green energy supply. The pursuit of a green energy strategy should not occur in isolation from efforts to address energy security, and economic growth. In an Ontario business context energy

security means confidence in its ongoing ability to access reliable and affordable energy wherever it operates. Energy security is thus an important consideration, not only for day-to-day operations, but also for long-term investment.

According to the OPA's forecast, Ontario's peak day demands will increase by 21 percent by 2025. In our view, efficient demand response programs provide the tools to reduce the 'peak day' demand in the province, ensuring more available supply for industries and business sectors. Not only can demand management initiatives reduce growth in peak electricity demand, but can also provide savings in future energy infrastructure costs and mitigate greenhouse gas emissions. There is strong evidence internationally and from research organizations that early intervention by energy utilities to manage peak demand leads to long-term benefits for energy consumers and utilities. A more sustainable growth in energy use in the residential sector will decrease the need to invest money to expand or upgrade Ontario's electricity network in the future.

CONSIDERING NEW RENEWABLE TECHNOLOGIES

Waste represents an increasingly important fuel source. Energy recovery from waste describes the process in which energy is recovered from the combustion of waste and used to generate electricity, which is then fed back into the electricity grid, or provide both electricity and heat (combined heat and power) to nearby communities or other uses. Waste may be in the form of an individual waste stream, generally from a commercial or industrial activity, which is used in existing plant as a fuel; it may be the residue once recyclables are separated from a general waste stream; or it may be a specially produced refuse-derived fuel (RDF), which must meet certain standards to be burnt in certain plants, such as cement kilns, or potentially, power station furnaces.

Using wastes as fuel can have two fold benefits: maintaining a cleaner environment and providing an alternative energy source for the local economy. Energy from waste (EFW) generation can help reduce carbon monoxide emissions through displacement of fossil fuels that are 23 times more damaging for global warming than carbon monoxide. If biodegradable waste is diverted from landfill, methane emissions can be avoided.

New energy-from-waste plants give off no odour, effectively dispose of garbage that would otherwise go to landfills, and generate considerable amounts of eco-friendly electricity and sometimes steam as a by-product. Although new technologies still generate some emissions, their level is substantially lower compared to older technologies.

A number of well-established technologies are available for generating heat or power from wastes: combustion with energy recovery, thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, thermal cracking, etc.

The air emissions from EFW plants as compared to traditional use of fossil fuels are also significantly cleaner. For example, the table below shows use of trash to generate one megawatt of power instead of coal.

Air Emissions of Waste-to-Energy and Fossil Fuel Power Plants (pounds per megawatt hour)⁵			
Facility Type	Carbon Dioxide	Sulfur Dioxide	Nitrogen Oxides
Coal	2,249	13	6
Oil	1,672	12	4
Natural Gas	1,135	0.1	1.7
Waste-to-Energy	837	0.8	5.4

(Source: www.wte.org)

Historically, Ontario has enjoyed relatively low energy costs and ample room to locate landfill sites, both factors being impediments to the development of EFW facilities. However, with growing concern over the environment, an integrated waste management system, including recycling and EFW facilities, should be given greater priority as a viable and responsible solution.

Ontario is missing the untapped value of energy from waste technologies. Canada, in general, and Ontario, in particular, has lagged behind both Europe and the United States in the development of EFW sites. Only 5 percent of Canada’s solid waste is processed to generate electricity, compared to 13 percent in the United States.

In order to deal with the public concern over the location of EFW sites, EFW facilities should be located in existing landfill sites especially where an energy consumer is located in close proximity to the EFW facility or a grid connection is readily accessed. EFW facilities should be constructed and financed under public private partnerships not unlike Infrastructure Ontario in order to achieve design, quality and cost consistencies across the Province.

Energy from Waste plants could play a limited, but increased role in generating electricity, providing heat to Ontario communities and serving as a practical waste disposal solution. With fossil fuel prices rising in recent years, the attractiveness of Energy from Waste component of the portfolio is likely to grow.

In order to move forward on integrating energy from waste into our energy supply mix, the Ontario Chamber of Commerce urges the Government of Ontario to:

1. Review the experience in other jurisdictions and, considering the environmental and economic efficiency, estimate what of the available energy from waste technologies (combustion with energy recovery, advanced thermal technologies, gasification, pyrolysis, anaerobic digestion, pelletization, etc.) have the highest rate of return for Ontario
2. Assess the costs of erecting EFW facilities and estimate the benefits for Ontario by considering the environmental effects, avoided waste disposal, land filling/development costs, and promotion of alternative energy generation
3. Pursue increasing the share of the efficient energy from waste generation technology in the supply mix and develop an integrated waste management plan, prioritizing on EFW
4. Educate the public on the importance of 5-Rs: (1) Reduce (waste, packaging etc); (2) Reuse (beer bottles, etc.); (3) Recycle (new product from waste, i.e.: sewer pipe from used car dashboards, etc.); (4) Recover (energy, oil); and (5) Retain (landfill issues). Also educate Ontarians about the importance and safety of advanced EFW technology for their communities
5. Commit to create a stable streamlined regulatory environment, an electricity market guided by prices reflecting true costs of power, and pursue consistent EFW policies
6. Stimulate municipalities to develop EFW facilities, where appropriate and strategically feasible at existing landfill sites
7. Engage private sector in the development, construction and financing of WTE facilities

The OCC supports policies and pricing that ensures Ontario remains a centre of manufacturing excellence and clean energy job creation. We encourage initiatives that foster a strong business environment with a solid foundation of reliable energy. The Government of Ontario must act to ensure that the province's reputation as a place with a reliable, abundant and affordable supply of energy continues to be a competitive edge and source of economic growth.

Thank you for this opportunity to share our views. If you have any questions or comments on any of the above issues, your staff may contact Angie Brennand, Vice President, Policy and Government Relations, at (416) 482-5222, extension 232, or angiebrennand@occ.on.ca.

Yours sincerely,



Len Crispino
President & CEO