

# Ontario's Energy Action Plan

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For more information, visit  
[www.energy.gov.on.ca](http://www.energy.gov.on.ca)  
or call 1-888-668-4636.



The five turbines at Huron Wind near Kincardine, Ontario are generating enough power for 3,000 Ontario households.



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## Taking action to protect consumers

The Ontario government announced its action plan to lower hydro bills in the fall of 2002.

The objective is to ensure stable electricity prices while new electricity generating capacity is built. To protect consumers:

- **Prices have been frozen** at 4.3 cents per kilowatt hour until 2006 for residential customers, small businesses, farmers and other designated consumers, such as hospitals.
- **Prices were rolled back** to 4.3 cents per kilowatt hour for those low volume and designated customers who were on fixed contracts paying more.
- **Refunds for every penny** of the difference between 4.3 cents and what was actually paid for electricity are being made to those consumers, retroactive to May 1, 2002.
- **Prices have been capped** on transmission and distribution charges.
- **A simpler, easy-to-understand electricity bill** will be introduced across the province.

New legislation strengthens the Ontario Energy Board and enhances its ability to protect consumers.

### Business Protection Plan for Electricity Prices

Our plan protects jobs and investments by providing quicker and more certain rebates for large consumers such as auto assembly plants. Retroactive to May 1, 2002, rebates to large consumers will be paid in two instalments. Beginning May 1, 2003, rebates will be paid quarterly based on half the difference between the quarterly average spot price of electricity and 3.8 cents per kWh.

### PROTECTING CONSUMERS

The price freeze protects families, small businesses and farmers in Ontario.

Nuclear reactors at Pickering A and Bruce A generating stations will be generating electricity again in 2003. The new TransAlta natural-gas-fired generating station in Sarnia began producing power in March 2003. Prices are expected to drop as this and other new, lower-cost generating resources are available.

## Taking action to encourage renewable energy

Our action plan for energy includes a comprehensive strategy for encouraging major private sector investments in wind, solar and other clean alternative energy sources.

### Spurring new electricity generation

To spur investment, companies investing in **new projects that generate electricity** from clean, alternative or renewable sources could be eligible to receive:

- a **10-year business income tax incentive**;
- a **10-year property tax incentive** on eligible facilities;
- an immediate **100 per cent business income tax write-off** and capital tax exemption for assets used to generate electricity;
- a **sales tax rebate** on building materials used in new electricity projects and purchased before January 1, 2008; and
- an additional **100 per cent business income tax deduction** for assets used to generate electricity for a corporation's own use.

### Tax incentives are working

Tax measures have proven effective. For example, the Ontario waterpower industry has indicated that rationalization of the taxation regime has produced investments totaling \$200 million in waterpower since 2001.

### Green Power Standard

The Commissioner of Alternative Energy has announced that Ontario will introduce a Green Power Standard that would make it a North American leader in increasing the supply of clean, renewable energy. The standard would mean that a percentage of all power used in Ontario would come from renewable sources such as wind and water. Under the standard, about 3,000 megawatts of renewable energy would be added to Ontario's electricity systems over a period of eight years, commencing in 2006.

## Taking action to increase supply

Increasing the supply of electricity means a strong economy and more jobs in Ontario. Action is being taken to increase supply, including:

- **Toronto Portlands** – an environmental assessment is underway for a **new 550-megawatt, natural gas-fired generating station**.
- **Niagara Falls** – The Beck Tunnel Project will generate 15 per cent more electricity by flowing water through existing turbines. This increased output will be enough to power a city the size of Kitchener. We are also studying Beck 3, a **new 900-megawatt hydroelectric project**.
- **Windsor** – Construction is well underway on a **new 580-megawatt, natural-gas-fired generating station**.
- TransAlta's new natural-gas-fired Sarnia plant is now producing some 500 megawatts of power, **enough for 350,000 homes a year**.
- Ontario Premier Ernie Eves and Manitoba Premier Gary Doer have signed a memorandum of understanding to complete a feasibility study into building a 1,250 megawatt Conawapa Hydro Station on the Nelson River in Manitoba.
- An agreement is also being negotiated with Quebec Premier Charest to increase the ability of Ontario and Quebec to help each other during peak demand periods.



*By bringing additional water from the Niagara River to the generating complex, the Beck Tunnel would increase energy production by about 15% – enough energy to supply the annual needs of the City of Kitchener.*

# Taking action to encourage energy conservation

Our plan focuses on conservation, making sound investments and providing strategic support to make clean energy available to everyone.

## Ontario government leading by example

- Government is working to **reduce its electricity consumption by 10 per cent**. Consumers are being challenged to meet the same target.
- Government has set a target of ensuring that 20 per cent of all its electricity consumption comes from “**green**” or **renewable** energy. Consumers are being challenged to meet the same target.

## WHERE ONTARIO'S ELECTRICITY COMES FROM

Ontario has one of the largest electrical power generation systems in the world. More than 90 plants produce over 30,000 megawatts of electricity. However, not all this capacity is available at any one time because of scheduled maintenance and other factors.

The Ontario grid also has the capacity to import and export up to 4,000 megawatts of electricity.

For more than 50 years, Ontario has imported power during peak demand and exported power during off-peak demand.

Currently, Ontario's electricity is generated as follows.

Source	Amount Produced
Nuclear	10,836 Megawatts
Coal	7,546
Oil/Gas	4,364
Hydroelectric	7,669
Miscellaneous (Biomass, Landfill Gas, Waste, Wind, Solar)	66
<b>Total resources</b>	<b>30,481 Megawatts*</b>

\*Source: IMO 18 month forecast June 24/03  
(does not include Bruce A nuclear units)

## Encouraging consumer conservation

Ontario residents are being urged to conserve and invest in green power. Our plan includes:

- encouraging the use of **interval meters** to measure consumption during high-demand and off-peak hours.
- offering Ontario consumers who buy select energy efficient refrigerators, freezers, dishwashers or clothes washers between November 26, 2002 (January 1, 2003 in the instance of freezers) and November 25, 2003, a provincial **sales tax rebate**. For more information, go to [www.trd.fin.gov.on.ca](http://www.trd.fin.gov.on.ca).

## Tips for saving electricity

It is easy to save energy around your home, and cut your electricity bill, often without spending a cent.

Simple Energy-Saving Tips For Your Home is a free publication offered by the Ministry of Energy. It contains tips and ideas that have been proven effective. You can reduce your energy bill and do something good for the environment.

The brochure is available on the ministry's Web site at [www.energy.gov.on.ca](http://www.energy.gov.on.ca) or call **1-888-668-4636**.

*Solar panels being installed in Toronto.*



# Taking action to protect the environment

Our action plan for energy includes taking action to protect the environment.

## Phasing out coal

About one quarter of Ontario's electricity comes from coal – it cannot be replaced overnight. Coal-fired generating stations in Ontario will be phased out by 2015 without jeopardizing provincial electricity supplies. This was a key recommendation from the all-party Select Committee on Alternative Fuel Sources. As a first step, the Lakeview coal-fired generating station in Mississauga will stop burning coal in April 2005.

## Solar and other alternative energy for homes

Consumer rebates are now available for solar energy systems. Our goal is to have solar systems installed on 100,000 homes in five years. Legislation, if passed, would also provide sales tax rebates for individuals who install wind and geothermal energy systems, and small hydro generators, before November 26, 2007.

## Reducing acid rain

Steps are being taken immediately to reduce emissions that contribute to smog and acid rain. By 2007, emissions from the electricity sector of nitrogen oxides, a principal contributor to smog, and sulphur dioxide, the main cause of acid rain, will be reduced by 53 per cent and 25 per cent respectively, compared to actual emissions in 2000.

## Supporting public transit

The Ontario government has committed \$3.25 billion over 10 years to renew and expand public transit. In 2003, \$103 million has been committed to renew transit systems in 47 municipalities, and \$645 million has been committed to the expansion of inter-regional transit and high occupancy vehicle lanes in central Ontario. This will help reduce air pollution and traffic congestion in major cities.

Additional funding is being provided to municipalities showing an increase in transit ridership and for the purchase of buses that run on alternative fuels.

Hydrogen, ethanol and other renewable fuels will reduce our dependence on fossil fuels, such as oil and coal. Under our plan, action is being taken to encourage alternative fuel production and use as a clean, safe alternative for the future.

## Ethanol in Ontario

A plant producing ethanol from corn has been built in Chatham with the help of a provincial grant, and is the largest ethanol plant in Canada. Other plants are being proposed for other regions in Ontario.

The ethanol will be used in ethanol-gasoline blended fuels that reduce air pollution and oil consumption.

## Tax incentives for alternative fuel users

- A **14.3 cent per litre tax exemption** has been introduced for renewable biodiesel and the biodiesel portion of blended fuels.
- Since 1980, the **gasoline tax** of 14.7 cents per litre has been waived for the ethanol portion of blended fuels.
- The 2003 Ontario Budget proposes that **retail sales tax rebates** would increase from \$1,000 to \$2,000 for people who buy or lease qualifying alternative fuel vehicles.
- **Sales tax rebates were extended** to include hybrid electric trucks and multi-passenger vehicles in 2002.
- Owners of vehicles converted to run solely on a qualifying alternative fuel sources can apply for a **rebate of the fuel conservation tax**.



*Windshare's new turbine on the Toronto waterfront showcases the potential of wind power in Ontario.*



# Planning for the future

## Research – new ways to power Ontario

The Ontario government, in partnership with Ontario universities, the research community and the private sector, is investing in research to improve and develop new sources of energy and find better ways to generate the electricity we need.

- \$20 million will be invested in a new Centre of Excellence for Electricity and Alternative Energy Technology at five Ontario universities – McMaster in Hamilton, the Ontario Institute of Technology in Durham Region, Queen's in Kingston, the University of Toronto and the University of Waterloo.
- The Alternative Renewable Fuels Research and Development Fund has been established in partnership with the Ministry of Agriculture and Food, the Agricultural Research Institute of Ontario and Commercial Alcohols Inc. of Chatham. This fund will help develop new technology, products and processes for alternative fuels.

## Pushing ahead

The initiatives in our energy action plan go a long way toward implementing many of the recommendations of the all-party Select Committee on Alternative Fuel Sources.

An aggressive timetable has been established to push Ontario to the forefront of the movement toward cleaner energy generation and the use of alternative fuels. To lead the effort, Steve Gilchrist, MPP, has been appointed Ontario's first Commissioner of Alternative Energy.

The Electricity Conservation and Supply Task Force is also in place to plan for new electricity production and enhanced conservation.

The task force will develop a road map to secure the affordable, reliable, environmentally sound electricity that Ontario needs for the future.



## A plan for the future

Our action plan is a future of safe, clean, reliable electricity produced at the lowest possible price. It keeps our economy strong, and protects jobs and our standard of living.