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**SUBMISSION TO THE STANDING COMMITTEE  
ON GENERAL GOVERNMENT**

Bill 185, Environmental Protection Amendment Act  
(Greenhouse Gas Emissions Trading), 2009

Monday, November 2, 2009

The CAE (Clean, Affordable Energy) Alliance is a volunteer organization representing a cross section of backgrounds, professions and interests. We represent consumer interests regarding cost impacts on residential ratepayers; the impact of energy resources on job creation and sustainability; industrial, manufacturing and agricultural viability; energy security; and the overall health of the provincial economy in conjunction with environmental prudence.

Our members have followed the evolving energy policy and the significant changes that have taken place in the electricity sector over the past few years. We have spent considerable time researching credible energy and environmental information. The CAE Alliance strives to rely on statistics and informed, credible energy sources - unbiased and quantitative information.

In this submission we highlight 4 primary concerns with the proposed legislation.

### **1. The Legislation itself**

The proposed Act is essentially a granting of unfettered powers to undefined persons and/or agencies for the creation and distribution of “programs and other measures” and for governing the economic and financial instruments to be used in these non-specific programs and other measures. In short, this Act is a blank cheque for indiscriminate spending on greenhouse gas emissions reductions, without a full consideration of where and how those reductions can best be attained.

It is this type of thinking that has resulted in the EHealth fiasco that has cost the provincial taxpayers so dearly. Ontario taxpayers and ratepayers are demanding transparency and greater accountability for programs and spending.

### **2. Cap and trade is ineffective**

Cap and trade as an emissions reduction method has proven ineffective in other jurisdictions where it has been initiated. This quote says it succinctly, “Cap-and-trade sounds pleasant in theory, but in practice it has been a failure. Europe has the largest cap-and-trade system in the world, and instead of leading to a decrease in emissions, Phase I, between 2005 and 2007, led to a 1.9 percent increase in greenhouse-gas emissions. What’s worse, electricity bills in much of Europe have substantially increased because of cap-and-trade policies. ... The details of cap-and-trade become complicated, but in the final analysis it is a stealth tax on energy. Wherever these schemes to limit greenhouse gases have been tried, they have failed. This is the reality.”<sup>1</sup>

### **3. Proposed emissions reduction measures will harm the Ontario economy for no measurable gains**

Ontario is responsible for about ¼ of Canada’s 2% contribution to global human greenhouse gas emissions. However, the proposed cap and trade, or other measures for greenhouse gas emissions reductions will significantly increase the cost of a multitude of products, services and goods in Ontario. Gasoline, diesel fuel,

energy - including electricity, agriculture (methane and nitrous oxide emissions), landfills, etc. etc. will cause everything from air travel to home heating and driving your car to rise. Industry will find it increasingly difficult to compete in an international market. Jobs will continue to disappear. This will come at a time when we are already suffering. Ironically, we are increasing our imports of goods and outsourcing of Canadian jobs to countries like China and India whose greenhouse gas emissions have risen by 49% and 70% respectively.

“A cap-and-trade system would give a competitive advantage to industries in countries that aren't subject to a de facto energy tax. Jobs would flow overseas, but so would emissions, a dynamic known as ‘carbon leakage.’”<sup>2</sup>

These and other “developing” countries are exempt from emissions reduction demands. We will close Ontario factories and transfer emissions across the globe. “... some big companies, like Nike, can look "green" in the US while their production is in China. Nike and others have left the U.S. Chamber of Commerce, which opposes extreme regulations, but they manufacture in places like China and India. Al "Green" Gore is on the board of Apple, which manufactures, not in Steve Jobs' garage, but in China.” <http://www.examiner.com/x-16358-Cincinnati-Independent-Examiner~y2009m10d22-Cap-and-Trade--Scam-and-Greed>

Companies can buy carbon credits from China and other countries while we reduce our energy production, our energy independence, and our manufacturing capability.

“Many studies assessing the costs of mitigation of climate change (either through some cap-and-trade system or by means of a carbon tax) indicate that the losses in consumer welfare are likely to be enormous. At the same time the costs of climate change itself are not very well estimated to justify swift mitigation efforts; different studies produce different recommendations. Thus, there is no clear consensus among the scholars whether and when such a scheme should be implemented in the first place.”<sup>3</sup>

Measures proposed will hit the industrial and the electrical producers the hardest, although transportation is the worst culprit in terms of greenhouse gas emissions in this province.

The attached Appendix “A”, the Rising Cost of Power in Ontario highlights the concerns associated with electricity cost increases. Carbon cap and trade, or other mechanisms, will incur further increases. This will impact all persons, businesses and sectors of this province.

#### **4. Certain measures may actually increase greenhouse gas emissions**

Under the Feed in Tariff program resulting from the Green Energy Act, all carbon credits available to power generators under the FIT program are to be signed over to the Ontario Power Authority. The proposed legislation before you would grant the OPA the discretion to handle these credits in any way, including signing them over to higher emitters such as the private natural gas fired power producers.

The government is in process of procuring 5,000-7,000 MW of new natural gas fired power which will be used to replace coal fired generation, and to back up intermittent renewable resources such as wind and solar. The ramping required by these facilities is estimated to produce double the CO<sup>2</sup> of coal. Add to that the methane emissions from the production, refining and transport of natural gas and the likelihood is we will produce higher greenhouse gas emissions that we presently have. Handing credits to natural gas power producers will do nothing to curb emissions. If natural gas-fired power generators pay for emissions credits, the price of electricity will rise accordingly.

## **Summary**

We are concerned that certain parties are anxious to push through this legislation, which has no substance other than as a cost empowering mechanism, in the “countdown to Copenhagen” so that Ontario can look good on the international stage. We are moving too quickly without a comprehensive and studied assessment of the ramifications of this legislation.

The preamble to the proposed Act indicates that “The Intergovernmental Panel on Climate Change (IPCC) ... has concluded that warming of the climate system is unequivocal and that most of the observed increase in global average temperatures is due to human activities.” However, In an IPCC study, 62 scientists (not 2,500) reviewed the last chapter, which examined what causes climate change. The bottom line is that only five of those scientists concluded that there was a 90% certainty that CO<sub>2</sub> caused climate change. The jury is still out.

In summary, we are asking that this legislation not pass. It grants open ended powers to undefined parties for unknown measures. It will have miniscule – immeasurably small - impact on world wide greenhouse gas emissions at great cost to our economy.

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<sup>1</sup> Cap-and-Trade Is Bad – A Stealth Tax on Energy By Thomas Pyle (Energy Central)

<sup>2</sup> William Yeatman, Competitive Enterprise Institute, as quoted in Council on Foreign Relations article Cap and Trade’s Economic Impact, March 19, 2009  
[http://www.cfr.org/publication/18738/cap\\_and\\_trades\\_economic\\_impact.html](http://www.cfr.org/publication/18738/cap_and_trades_economic_impact.html)

<sup>3</sup> Sergey v. Mityakov, Assistant Professor, Department of Economics, Clemson University, as quoted in Cap and Trade’s Economic Impact, Council on Foreign Relations, March 19, 2009 [http://www.cfr.org/publication/18738/cap\\_and\\_trades\\_economic\\_impact.html](http://www.cfr.org/publication/18738/cap_and_trades_economic_impact.html)