

January 22, 2004

Mr. Howard L. Wetston, Q.C.
Chair, Ontario Energy Board
26th Floor
2300 Yonge Street
P.O. Box 2319
Toronto M4P 1E4

Dear Mr. Wetston:

Re: Energy Conservation, Economic Instruments & Public Health

We are writing to express our support for the use of “shared savings mechanisms” and other economic instruments as a means of encouraging energy conservation and displacing electricity generated by coal-fired power plants in this province.

As I am sure you know, Toronto Public Health and the Toronto Board of Health have been vocal advocates for energy conservation/efficiency and the phase-out of coal-fired power plants in Ontario. In several reports adopted by the Toronto Board of Health, Toronto Public Health has articulated the many health and environmental benefits that would be associated with the elimination of coal as a fuel for electricity generation in this province. Not least among these is strengthening Ontario’s hand when it comes to negotiating the improvements to the Canada-U.S. Air Quality Agreement that are needed to address transboundary air pollution.

We have been convinced by many sources, including Ontario’s Select Committee on Alternative Fuel Sources, that much of the electricity generated by Ontario’s coal-fired power plants could be displaced in a cost-effective way by reducing energy demand with aggressive energy efficiency/conservation programs. One utility estimates that up to 50% of Ontario’s coal-fired electricity generating capacity could be displaced with energy conservation by 2015.

The health and environmental benefits associated with the phase-out of coal-fired generation, if achieved through a reduction in energy demand, could be significant. Sulphur dioxide emissions in this province could be reduced by 23%, nitrogen oxide emissions by 14% and mercury emissions by 23%.

We believe that reductions in energy demand can be achieved in a way that does not require huge cash outlays by the provincial government. It would require, however, a significant shift in the regulatory policies of the Ontario Energy Board (OEB). As we understand it, the OEB currently provides no financial incentives to electrical utilities or other stakeholders including other delivery agencies, that effectively promote energy efficiency among their customers. In fact, quite the contrary, current OEB rules that link profits to electricity sales, actually penalize those entities that effectively reduce their customers' energy needs. This trend could be reversed if the OEB adopted "shared savings mechanisms" or other economic instruments that allow energy consumers, utilities and other stakeholders to "profit" from effective energy conservation programs.

We urge the OEB to adopt "shared savings mechanisms" or other economic instruments that reward energy consumers, utilities and other stakeholders who take the actions that are necessary to improve public health, sustain the environment, and ensure a secure energy supply in this province.

Yours truly

Original signed by:

Dr. Sheela V. Basrur
Medical Officer of Health

Councillor John Fillion
Chair, Board of Health

cc: The Honourable Dwight Duncan, Minister of Energy
The Honourable Leona Dombrowsky, Minister of the Environment
The Honourable George Smitherman, Minister of Health and Long-Term Care
Richard Morris, Manager, Energy Efficiency Office, City of Toronto