

Guaranteeing a Place for Farm Entrepreneurs in Electricity Generation

**Notes for a Presentation to the Standing Committee on Social Policy
Legislative Assembly of Ontario
August 12, 2004**

Re Bill 100, Electricity Restructuring Act, 2004

Christian Farmers Federation of Ontario¹

Market Driven versus Public Guidance

- We support a major role for governments in guaranteeing a reliable and efficient electricity generation and delivery system. Government has a role in avoiding price spikes in response to peak load demand or generation difficulties. Too much instability will destroy confidence in the electrical system.
- We support the use of market tools where they can serve the public good.
- Bill 100 can be interpreted to support this direction. Let's make it much clearer throughout the text of the legislation.

Electricity Pricing

- We support a gradual change in the price of Ontario electricity to reflect the average cost of production over time.
- At the same time we support a three-step graduated scale of prices so that small and medium households and businesses pay less per unit of electricity use. Medium users would pay a higher price for their consumption over the basic amount. High users would pay a still higher rate for any usage over the medium level.
- We support the elimination of subsidies that encourage consumption. We support subsidies that encourage conservation and alternative energy production.

Conservation

- We support the development of pricing incentives for energy conservation such as time-of-day pricing for all users/consumers.
- We welcome Bill 100's proposal for a Conservation Bureau and the enabling policies that will allow electricity distributors to develop conservation and load management programs (Schedule B, Amendments to the Ontario Energy

¹ The Christian Farmers Federation of Ontario is one of three accredited general farm organizations in Ontario. We are a professional organization for family farm entrepreneurs. Our members farm in all parts of the province and produce a wide variety of products. There are approximately 4,300 members – about 10% of Ontario farmers.

Board Act, 1998 Section 9). We would go a step further and mandate conservation and load management.

Renewable and Alternative Energy Sources

- We support the adoption of a long-term strategy that will significantly reduce Ontario's dependence on non-renewable energy sources, that makes use of energy sources more efficiently, that conserves energy resources of all kinds and that enables many entrepreneurs to be part of the delivery.
- We are realistic. Markets for renewable energy are difficult to create. Renewable energy products, especially during the early years of development, generally cost more than non-renewable ones, and payback periods for investors are often longer. Long-term support for renewable alternatives is necessary to allow producers to improve technology, develop management systems and reduce costs.
- This will take more than incentives. As a first step a Renewable and Alternative Bureau, with as strong a mandate as the proposed Conservation Bureau, needs to be included in Bill 100.
- We note that in the past 30 years, our federal government has favoured non-renewable resources of energy with its spending and tax incentives, in the form of tax write-offs for exploration expenses, contributions to mega-projects such as Hibernia and the Alberta Tar Sands and the absence of depletion charges. We need a similar level of support for entrepreneurship in renewable and alternative electricity sources.
- Bill 100 only promotes renewable and alternative energy. It needs rewriting so that it will deliver. See choice of language at Purposes 1. (d) *"to promote the use of cleaner energy sources and technologies, including alternative energy sources and renewable energy sources, in a manner consistent with the policies of the Government of Ontario."*
- We support the creation of marketplace incentives and streamlined approvals to encourage entrepreneurs to develop co-generation and environmentally friendly generation facilities.

Farming and Energy Generation Alternatives

- Alternative energy production is a way to bring value to farming without producing more crops or livestock. Done right, the legislation itself can be an encouragement for farm entrepreneurs to diversify in this direction.
- The legislation needs guarantees that small and medium-size entrepreneurs will have access to the distribution grid. Language that might result in enabling regulations is not satisfactory. As legislators you should not be satisfied with promises of enabling legislation. A "right to connect" needs to be specified in the legislation.
- Secondly, the legislation needs to guarantee the basics of a pricing system. These investments are long-term and necessitate fixed-term price agreements. It is not enough to enable distributors to buy or invest in renewable or

- alternative energy sources. We need a commitment to a pricing system that enables the participation of small and medium-size entrepreneurs in electricity generation.
- Distributors should be required to accommodate access for small and medium-size electricity generators in future modifications of the system.
 - This legislation needs the support of clarifications in other legislation and policy. For example, energy generation should be recognized as an accessory use for land zoned either agricultural or rural. Zone changes should not be necessary for windmills constructed primarily for on-farm electricity needs. Wind farms, on the other hand, need some special attention in land use policy.
 - We support the development of technology for the production of ethanol in Ontario, but we are cautious about building a substantive alternative fuel system based on processing food or feed grains into ethanol. As food and feed commodities are part of highly competitive international markets, we can expect dramatic spikes in the prices of these commodities. The net energy balance available from processing food and feed grains into ethanol remains controversial. In the long-term, this technology needs to be based on feedstocks other than food and feed grains.
 - We support the development of technology for the production of biodiesel in Ontario. We know the technology is still expensive, however it also has the potential to help the food system with other challenges, such as deadstock management. We are less excited about using the technology to manage livestock manures. Livestock manures need to be returned to the land close by livestock facilities to maintain the long-term productivity of our soils. Applying livestock manures to cropland is also the most cost-effective way to manage manures.

Summary

- If load management, conservation and time-of-day pricing are implemented with care, there will be plenty of opportunities for farm entrepreneurs to generate energy for their own use, especially during periods of peak electricity demand and higher prices. They have the land base, the entrepreneurial experience and access to many potential energy sources such as biodiesel, ethanol, solar, water and wind.
- Bill 100 includes many initiatives that we endorse. However, on a key item it lacks clarity and commitment: the local production of energy in many communities by small and medium-size entrepreneurs. You have an opportunity to enable farmers, countryside landowners and rural communities to be part of the economic potential of redesigning electricity generation.

*Executive Board
Christian Farmers Federation of Ontario
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