ABOUT THE MINISTRY

# Results-Based Plan, 2009-2010 (Energy and Infrastructure)

## Ministry Overview

In June 2008, the Ontario government established a new Ministry of Energy and Infrastructure, merging the former Ministry of Energy and former Ministry of Public Infrastructure Renewal. Combining the resources and strategic objectives of the two ministries brings added strength and focus as the province works to achieve its vision of a new green economy.

## Vision and Mission

**Vision:** The Ministry of Energy and Infrastructure is guided by a vision of a new green economy that provides 21st century jobs and resilient, liveable communities for all Ontarians and generations to come.

**Mission:** The Ministry of Energy and Infrastructure works with partners inside and outside government to build the schools, public transit, hospitals and energy generation and transmission facilities that help power our economy, and to ensure that Ontario remains one of the best places in the world in which to live, work, invest and raise a family.

A key priority is ensuring that Ontario's electricity needs are met in a sustainable manner. Developing renewable energy sources and fostering a conservation-oriented culture are cornerstones of Ontario's balanced plan to provide clean, reliable and affordable energy.

Equally important is ensuring the modernization of public infrastructure, as part of an integrated vision that encourages growth and environmental stewardship, enhances our quality of life and contributes to our economic success.

ReNew Ontario, the government's $30 billion plus infrastructure investment strategy, has already resulted in significant achievements, by enabling the government to provide funding for more than 100 hospital projects, repairs and construction in more than 1,600 schools and

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upgrading and expansion of 83 transit systems. These infrastructure improvements were completed in 2008-09, a full year ahead of schedule. As part of the 2009 Budget, the province has announced a further $32.5 billion for infrastructure investments over two years.

The ministry is developing a new, comprehensive gaming strategy, to ensure continued financial support for communities as well as responsible gaming.

The ministry also has legislative responsibility for several agencies, boards and commissions:

- Hydro One
- Independent Electricity System Operator
- Infrastructure Ontario
- Ontario Energy Board
- Ontario Power Authority
- Ontario Power Generation
- Ontario Realty Corporation, and
- Waterfront Toronto (in partnership with the federal government and the City of Toronto).

The ministry looks to its agencies to be efficient in their operations, deliver excellent customer service, provide a positive fiscal contribution and uphold the public's trust.

Key Focus Areas

The Ministry of Energy and Infrastructure is committed to building and enhancing policies and programs in four key areas:

**Energy Sector Transformation**

The ministry is responsible for developing the energy policy framework that is central to the building of a strong and prosperous economy for Ontario. It provides leadership and support to the energy sector to achieve a diverse, environmentally sustainable and competitively priced energy supply, transmission and distribution system. Energy sector transformation is focused on energy conservation and efficiency, and the development of renewable energy.

Through its oversight of the Ontario Energy Board, the Ontario Power Authority and the Independent Electricity System Operator, the ministry is responsible for setting the legislative and policy framework to assure reliable supply and delivery of both electricity and natural gas to the province's energy consumers. The ministry also represents the provincial government in dealings with Hydro One and Ontario Power Generation.

Key agencies:

- **The Ontario Energy Board (OEB)** regulates the natural gas and electricity sectors and protects the interests of consumers with respect to prices and service.
- **The Ontario Power Authority (OPA)** is the province's energy planner.
- **The Independent Electricity System Operator (IESO)** manages the reliability of the power system and forecasts the demand and supply of electricity.

The Minister is the shareholder in right of the Province of Ontario for the following agencies:

- **Hydro One** which operates most of Ontario's transmission lines and distributes electricity in some areas of the province.
- **Ontario Power Generation (OPG)** which generates about 70 per cent of the electricity consumed in Ontario.

**Infrastructure and Growth Planning**

As part of its mandate, the ministry develops and coordinates the implementation of sound infrastructure strategies for the province. This includes central agency management of the provincial capital planning process and budget development. The ministry also leads negotiations with the federal government on new cost-shared infrastructure programs, as well as leading the implementation of an asset management framework for the government. It provides infrastructure economics and financial advice and analysis, along with expertise on water economics and green sector development. Through the Transit Policy Liaison Office, the ministry provides leadership and partnering in the implementation of the Move Ontario priority projects.

Through infrastructure and growth planning activities, the ministry provides leadership in the development and implementation of the government's province-wide growth management policy under the *Places to Grow Act*. This includes creating regional growth management plans with local governments, aboriginal communities, and other stakeholders, and facilitating the alignment of government policy and funding across multiple ministries to support implementation of the program.

The ministry also develops policy to support government direction and economic development in the gaming sector.

Key agencies:

- **Infrastructure Ontario**, a crown corporation of the Ontario government is dedicated to the renewal of Ontario's infrastructure, its public hospitals, courthouses, roads, bridges, water systems, and other public assets.
- **Waterfront Toronto**, a partnership among the federal, provincial and municipal governments to transform the waterfront into beautiful, sustainable new communities, parks and public spaces, fostering economic growth in knowledge-based, creative industries.

**Realty Development and Management**

The ministry provides customer-focused real estate services to the Ontario government, including strategic portfolio management, asset management, property and land management and capital projects. It works to ensure that real estate policy and decisions support the broad range of government initiatives and directives. Through its realty development and management activities, the ministry also provides direction and oversight to the Ontario Realty Corporation and works closely with other ministries to develop policies, frameworks and strategies to support real estate planning and decision-making related to the use of ministry-owned properties and other property and accommodation matters.

Key agencies:

- **The Ontario Realty Corporation**, the strategic manager of the government's real estate assets.

**Ministry Administration**

Ministry Administration includes capacities to support all aspects of the ministry's mandate, including legal services, communications, strategic planning, financial management and controllership, policy coordination, human resources and accommodation.

The Minister's Office, Deputy Minister's Office, Communications Branch, Legal Branch and Corporate Development help achieve the ministry's vision and key priorities by:

- Providing policy direction, leadership and overall management.
- Providing effective communications and issues management that supports ministry and government policies and programs.
- Developing and supporting legal frameworks that support the ministry's strategic directions.
- Providing effective, legally sound and strategic legal advisory services.
- Providing leadership and strategic advice on financial and strategic planning issues effectively managing resources in support of ministry objectives, including identifying and managing risks, using a modern controllership framework that meets government standards and guidelines, and strategic risk management and mitigation approaches.
- Enhancing customer service through improved quality service, and ensuring that strategic results-based multi-year resource planning and performance management systems are in place.

## Key Priorities and Results

The ministry supports the government's long-term priorities of economic prosperity, environmental stewardship and sustainable communities.

To meet these priorities, the ministry is focused on three key deliverables: to ensure a clean, reliable energy system, revitalize public infrastructure, and implement smart growth plans for key regions of the province.

### 1. Clean, reliable energy system

A top strategic objective for the ministry is ensuring a clean, affordable and sustainable energy system that will meet Ontario's electricity needs and deliver continued economic prosperity and jobs into the future. By reducing carbon emissions and other pollution, a clean energy supply can also help improve the health of Ontarians.

Currently, much of the infrastructure required to provide a stable supply is aging. The province will need to refurbish or replace more than 20,000 megawatts (MW) of energy capacity in a 20 year period ending 2027 – or about 70 per cent of 2007 capacity levels. Another challenge is phasing out dirty, coal-fired electricity as the government has committed to do by the end of 2014. To help ensure Ontario's growing energy demands will be met in the future, the province is adding new supply, with an emphasis on renewables, and is launching innovative conservation and demand management programs. The government is also making investments to help address the deficit in the province's transmission infrastructure.

A new energy system will help Ontario:

- create a new green economy and 21st century careers and job opportunities
- provide reliable and affordable energy for decades to come
- attract new investment to the province
- reduce carbon emissions
- protect consumers and empower them to manage their energy use and costs

In recent years, the government has accelerated its efforts to build the energy system that Ontarians need today and can rely on for tomorrow. In June 2006, the ministry directed the Ontario Power Authority (OPA) to prepare an Integrated Power System Plan (IPSP) to maintain adequate supply, replace outmoded capacity with cleaner, renewable sources of energy and help foster a culture of conservation. The OPA responded in 2007 with a proposed 20-year plan, which builds on Ontario's strong foundation of nuclear and hydroelectric power and helps close the supply gap in a way that will shrink the province's carbon footprint.

In September 2008, the ministry instructed the OPA to review a modest portion of the proposed plan to ensure that Ontario maximizes its green potential. The OPA has been asked to identify opportunities to develop more renewable energy, get it onto the grid faster and expand conservation measures. The OPA is also exploring opportunities to convert coal facilities to biomass and distributed energy across the province. The review will also seek new opportunities to engage aboriginal populations in Ontario's energy future, and look to improve transmission capacity in northern Ontario and other parts of the province that is limiting the development of new renewable energy supply. The revised plan is expected to be submitted to the Ontario Energy Board in the summer of 2009.

In addition to completing the IPSP, the ministry remains focused in 2009-10 on initiatives to:

- foster a culture of conservation and demand management
- support the development of new supply projects, especially from clean and renewable sources
- move ahead with plans to refurbish existing nuclear reactors and build new reactors to maintain current nuclear capacity
- work toward the province's commitment to cease coal-fired generation by 2014
- improve transmission, so new supply can flow to consumers and to accommodate other new innovative technologies

In February 2009, the government introduced bold new legislation that, if passed, will advance the province's priorities and make Ontario the North American green energy leader. The comprehensive *Green Energy and Green Economy Act, 2009* (including several schedules hereinafter referred to as the "*Green Energy Act*"), if passed, would amend 15 existing statutes to create a new green economy and green jobs, while sparking investment in renewable energy projects and ramping up conservation efforts.

The proposed Act would:

- boost growth in clean and renewable sources of energy such as wind, solar, water, biomass and biogas
- create 50,000 jobs for Ontarians in its first three years
- help households, schools, governments and industries make the transition to lower and more efficient energy use through a variety of conservation tools
- implement a "smart" power grid to support the development of new renewable energy projects and other new technologies

With its twin thrusts of renewable energy and conservation, the Act, if passed, would propel Ontario towards its goal of eliminating coal and transforming the province's electricity generation system into one of the cleanest, greenest energy supply mixes anywhere.

In addition to making innovative investments in energy infrastructure, the ministry will actively pursue investment in new manufacturing and service infrastructure, and investigate ways to support the training and skills development needed for green energy jobs.

**2. Infrastructure renewal**

Revitalizing the province's aging infrastructure is critical to providing a better quality of life for citizens, while protecting the environment and Ontario's natural resources.

In 2003-04, after years of underinvestment, Ontario's infrastructure was in a state of disrepair and operating with a deficit. Investing in public infrastructure – hospitals, schools, highways and water systems – was identified as an absolute priority for meeting the needs of Ontario's rapidly growing population in the 21st century.

In May 2005, the government introduced a five-year plan to revitalize infrastructure. The plan, ReNew Ontario, has created an infrastructure renaissance and positioned the province as a leader in modernizing public infrastructure. Renew Ontario is one of the biggest infrastructure investments in the province's history.

The ReNew Ontario investment plan was completed in 2008-09, a full year ahead of schedule, and has helped to address the significant infrastructure deficit that built up over the three decades prior to 2003. Through ReNew Ontario, the government and its partners have invested more than $30 billion which has:

- improved access to hospital services through new or renovated hospitals
- built and renovated schools to enhance the province's learning environment and help Ontarians reach their full potential
- directed funding to the province's public transit systems, municipal roads and bridges to move people and goods to market more efficiently
- helped to ensure water and wastewater services are safe and financially sustainable, and
- helped municipalities maintain and renew infrastructure to ensure strong prosperous communities

In the 2009 Budget, the government committed $32.5 billion in infrastructure funding over the next two years.

As part of its infrastructure planning, the ministry also identifies how the government will work with partners to find new sources of funding so that infrastructure can be modernized as quickly as possible, while remaining accountable to Ontarians for how their tax dollars are used.

To support government priorities, including the implementation of regional growth plans, the ministry also remains committed in 2009-10 to:

- working with the federal government to share funding for key infrastructure projects in Ontario, specifically through its Building Canada Fund
- delivering critical public infrastructure projects through innovative investment strategies and Alternative Financing and Procurement
- establishing a gaming strategy to support responsible gaming and a sustainable source of funding to communities
- effective management of the government's assets to generate revenue and maximize benefit to Ontarians

### 3. Growth plans

Complementing efforts to revitalize infrastructure is the province's goal to manage growth and development in a smart and environmentally sustainable way. Over the next 25 years, the number of people living in Ontario is expected to grow by four million. Given the diversity of growth challenges across the region, from the pace and magnitude of tremendous growth in the Greater Golden Horseshoe region to the declining growth in the northern region, strategic, long-term planning is critical to the economic and environmental health of the province. The *Places to Grow Act, 2005* is the cornerstone of the government's initiative to manage growth in Ontario in ways that sustain a robust economy, preserve natural resources and help communities grow and flourish.

Growth Plans set out comprehensive frameworks for promoting sustainable growth and informing government investments to maximize effectiveness. Growth Plans provide leadership and policies to achieve more attractive and healthy urban form, contributing to a more creative, connected and prosperous community fabric. Transportation plans and agency mandates are now focused on supporting this healthier community development, making decisions that increase transit accessibility as a primary means of moving people.

The main priorities for 2009-10 are the implementation of the Greater Golden Horseshoe Growth Plan and the development of the Northern Ontario Growth Plan.

Selected in 2005 as the first growth plan to be developed under the Act, the Growth Plan for the Greater Golden Horseshoe is a 25-year blueprint for the most populous and fastest growing region in the country. Already, the area is home to 70 per cent of Ontario's population, and this is expected to rise to 80 per cent by 2031.

Released in 2006, the award-winning plan manages growth by encouraging intensification and efficient use of infrastructure in 25 urban growth centres. Land use planning, transportation and transit planning, brownfield redevelopment and protection of green spaces all fall within this blueprint.

The Growth Plan for the Greater Golden Horseshoe sets out specific policies to:

- revitalize downtowns to become vibrant and convenient centres
- create complete communities that offer more options for living, working, learning, shopping and playing
- provide greater choice in housing types to meet the needs of people at all stages of life
- curb sprawl and protect farmland and green spaces
- reduce traffic gridlock by improving access to a greater range of transportation choices

The second region to benefit from a growth plan developed under the *Places to Grow Act* is Northern Ontario. The Northern Plan is focusing on ways to increase economic competitiveness and attract sustainable growth to encourage people to remain in the region, and to stimulate educational and career development opportunities for youth and Aboriginal peoples.

Along with its partners, the ministry is committed to working closely with Aboriginal and municipal leaders, education, business, industry and environmental groups to develop a coordinated plan that will capitalize on the economic potential of the north and ensure a vibrant future for northern families

Key themes being explored for the draft growth plan to be released in 2009-10 include:

- retaining and attracting people and jobs
- advancing existing industries to become leaders in the new economy
- maximizing growth potential in research and innovation sectors
- developing a skilled workforce for a diversified economy
- engaging a growing Aboriginal population
- promoting the North's geographic, economic, and cultural diversity
- enhancing communications and transportation connectivity
- promoting environmental stewardship

**4. Gaming strategy**

Building on successes to date, the ministry is developing a new, comprehensive strategy to ensure continued financial support for communities as well as responsible gaming. The strategy is being developed and will be implemented.

Net Provincial revenue generated from lotteries, charity casinos and racetrack slot machines (estimated at $1.966 billion in 2009-10) are required to be used to support services such as the operation of hospitals, problem gambling and related programs, amateur sports, and funding for charitable and not-for-profit organizations through the Ontario Trillium Foundation. In addition, a portion of gross slot machine revenue (estimated at $81 million in 2009-10) will be provided to municipalities that host charity casinos and slot operations at racetracks, to help offset local infrastructure and service costs.

Horse racing is one of the largest agricultural sectors in Ontario, employing the equivalent of 25,000 full-time jobs. Recognizing the significant economic benefits it provides, the government directs a portion of revenue from slot machines to the industry. For 2009-10, this additional support is estimated at $349 million.

In addition, the province is investing in the redevelopment of its casinos, including Casino Brantford, to ensure they remain competitive, attract new customers and continue to contribute to local economies. As well as providing long-term revenue and permanent jobs to the hosting communities, the projects create jobs during construction and source most of the construction materials regionally.

### Ministry Contribution to Key Priorities & Results

The Ministry of Energy and Infrastructure manages government policy and initiatives leading to a clean, reliable energy system and strong, revitalized public infrastructure that increases economic competitiveness, protects the environment and builds sustainable communities.

| Priorities | Economic prosperity | Environmental stewardship | Sustainable Communities |
|---|---|---|---|
| Results | Competitive business environment<br>New green economy and jobs<br>Reliable energy supply | Climate protection<br>Cleaner air<br>Preservation of natural resources | Strong, vibrant and prosperous communities for generations to come<br>High standard of living for citizens |
| Strategies | Ensure an affordable and sustainable energy system<br>Reduce electricity demand, especially peak use<br>Increase renewable energy<br>Protect and empower consumers | Manage growth and development in a smart and environmentally sustainable way | Revitalize public infrastructure<br>Empower communities<br>Manage assets to ensure value for money and maximize benefit to the public<br>Support responsible gaming and associated fiscal contributions to communities |

| | | |
|---|---|---|
| **Deliverables** | A clean, reliable and affordable energy system | Infrastructure renewal and growth plans |
| **Key Initiatives** | Energy conservation<br>Renewable energy<br>Coal replacement<br>Nuclear refurbish and build<br>Smart grid | Programs to invest in hospitals, educational institutions and transportation<br>Water works and other municipal renewal projects<br>Shared federal-provincial funding<br>Innovative financing model<br>Growth plans for:<br>- Greater Golden Horseshoe<br>- Northern Ontario<br>Gaming strategy<br>Asset management |
| **Measures** | Reduce projected peak demand by 6,300 MW by 2025<br>Phase out coal by the end of 2014, reducing carbon emissions by up to 30 megatonnes | Invest $32.5 billion in infrastructure over next two years. |

### Ministry Initiatives, Measures and Achievements

**Conservation and demand management**

Creating a culture of conservation across the province is a critical success factor for ensuring a sustainable energy system. The ministry is taking an aggressive approach to energy conservation and demand management, recognizing that it can be an effective tool to control cost and cut the province's carbon footprint. In 2009-10, the ministry's conservation efforts will continue to focus on empowering consumers through tools, information, and incentives, and building an institutional and regulatory framework for conservation.

In addition to using less electricity, the government's goal is to shift energy use away from times of peak demand. This will allow the province to reduce the added expense required to maintain high levels of back-up energy.

The ministry has directed the OPA to plan for a total peak demand reduction of 6,300 MW by 2025. In June 2008, Ontario's Chief Energy Conservation Officer reported that through various conservation programs, including *peaksaver*, the 2007 interim target for a 1,350 MW reduction had been reached.

Smart meters coupled with time-of-use pricing will help drive efficiency. To help customers understand their electricity use and encourage them to move away from peak-demand hours, the province set a goal to have smart meters installed in all homes and businesses by the end of 2010. Time-of-use pricing is being rolled out in phases over the coming years and has already been implemented in several municipalities. Under provincial legislation, the government is expanding the list of products and appliances subject to efficiency standards.

Through conservation measures set out under the proposed *Green Energy Act*, the ministry is planning to:

- make energy efficiency a key purpose of Ontario's building code
- create new financing tools to help consumers manage the up-front costs of small-scale renewable energy projects
- set electricity conservation targets for local utilities and help them deliver effective programs to households and businesses
- increase productivity in the Ontario industrial sector through energy efficiency programs and demand management plans, and
- require targeted conservation measures to protect low-income Ontarians from increases in energy prices

**New, cleaner energy supply**

New supply is enabling the province to eliminate coal-fired capacity in Ontario's supply mix by the end of 2014. Since 2003, 5,000 MW of new supply has come on line and another 4,700 MW more of new or refurbished supply is expected by September 2010. This includes a mix of cleaner gas-fired generation, low-emission nuclear power and green renewable energy. Our actions will have helped Ontario add an estimated total of 10,000 MW of new supply by 2011.

The work being done to increase supply of new renewable energy supply is critical as it will help bring an inexhaustible supply of energy to Ontarians, present and future, while helping to stabilize the climate.  Existing targets are being reviewed to see if they can be increased or accelerated.

The target of having signed contracts for 2,700 MW of new renewable capacity has been met and surpassed. So far, Ontario has signed contracts representing close to 3,000 MW of new renewable energy from large and small-scale projects across the province. Of this, Ontario has brought online 1,000 MW of clean green electricity from wind, water, sun and bio-based resources, and more is on the way in 2009.

Our innovative Renewable Energy Standard Offer Program, introduced in November 2006 to support small-scale renewable projects, was an overwhelming success. By December 2008, contracts for approximately 1,400 MW had been signed under this program – exceeding the 10-year target of 1,000 MW. A new guaranteed pricing structure proposed in March 2009 would open the door to a more diverse range of renewable energy projects of all sizes.

Achieving these renewable energy supply targets will require focus on not only the supply projects themselves, but also on the infrastructure required for system reliability. If passed, the proposed *Green Energy Act* will transform the transmission grid to accommodate and capitalize on renewable energy, as well as support innovative technologies to bring renewable energy projects to life.

Ontario's abundant and reliable hydropower is enabling the province to push forward with its renewable energy goals. As part of its commitment to maximize existing hydroelectric potential in Ontario, the government is expanding power generation in the Niagara region through the Niagara Tunnel project. The project will increase the amount of water flowing to existing turbines at the Sir Adam Beck Generating Station to produce an additional 1.6 terawatt-hours of renewable electricity per year — enough power to 160,000 homes.

New gas-fired plants are also needed as a source of cleaner "peaking" on-demand power as Ontario continues to move toward a coal phase-out. In addition to providing the flexibility to meet periods of high demand, gas-fired generation is needed to support communities with few sources of local power. To increase efficiency, the government is encouraging the deployment of combined heat and power (cogeneration) and combined-cycle gas-fired plants wherever possible. New gas-fired generation has come on line in Sarnia and St. Clair Township and other projects and procurements are underway. In total, these plants will bring more than 4,000 MW of much cleaner energy capacity to Ontario.

**Nuclear build and refurbishment**

Ontario's nuclear plants supplied more than half of the province's electricity generation in 2008, and they release minimal greenhouse gases. To ensure stable baseload power into the future, the ministry remains committed to its goal of maintaining Ontario's installed nuclear capacity of 14,000 MW. As the province's nuclear fleet is aging, a number of reactors need to be refurbished or replaced.

In 2008, Ontario Power Generation's Darlington plant was named as the site for a new two unit plant. Using a fair, transparent and competitive commercial process led by Infrastructure Ontario, the government will select the nuclear vendor and technology from three leading international companies in 2009.

**Coal phase-out**

Ontario is committed to eliminating all coal-fired generation from its energy supply mix by 2014. The initiative is crucial to fighting climate change and protecting the health of Ontarians. Replacing dirty coal-fired generation with conservation, renewables and cleaner sources of supply will reduce Ontario's greenhouse gas emissions by up to 30 megatonnes (Mt) – representing the largest single climate change initiative in Canada.

In the interim, MEI has proposed limits on carbon dioxide (CO2) emissions produced by coal plants to ensure they're cut by two thirds below 2003 levels by 2011. As a first step, the province issued a shareholder resolution requiring Ontario Power Generation (OPG) to meet interim CO2 emission targets of 19.6 Mt in 2009 and 15.6 Mt in 2010. The OPG is currently on track to meet its 2009 carbon dioxide emission targets.

**Transmission and distribution**

The ministry continues its plan of action to bolster Ontario's transmission and distribution system. These upgrades – plus recent measures introduced under the proposed *Green Energy Act* – will not only enhance Ontario's energy security and help clean up our environment, but also stimulate unprecedented economic development activity, particularly in the North. Throughout this process, the province is committed to consulting with First Nations communities and identifying partnership opportunities in generation and transmission.

The IPSP already contains an extensive plan to improve transmission infrastructure in Northern Ontario, including an investment of about $2 billion that will allow the province to develop wind and hydro-electric sources in the region. The OPA is reviewing ways to further improve transmission capacity in parts of the province, including capacity-constrained "orange" zones in the North.

The proposed *Green Energy Act* envisages a 21st century "smart" power grid that would make it easier for renewable energy sources such as wind, water and biomass to get online and realize their full potential. The smart grid would also enable the launch of smart meters and time-of-use pricing, as well as prepare Ontario for new technologies like electric cars.

**Infrastructure renewal**

Since the launch of ReNew Ontario in 2005, tremendous progress has been made in revitalizing Ontario's infrastructure – the backbone of the province's economy and community life. In cooperation with its partners, the government's $30 billion ReNew Ontario investment plan will be completed in 2008-09, a full year ahead of schedule, and has helped to address the significant infrastructure deficit that built up over the three decades prior to 2003. Over the past two years, the Province has invested in infrastructure valued at $18 billion, including a one-time allocation of $1.1 billion provided directly to municipalities through the *Investing in Ontario Act*. These investments supported more than 85,000 jobs in 2007-08, and have created and sustained more than 100,000 jobs in 2008-09.

The government also announced in its 2009 Budget an allocation of $32.5 billion for infrastructure over the next two years.

**Health, education and transportation infrastructure**

As part of ReNew, the government and its partners have invested more than $4 billion to modernize, upgrade and expand health care facilities and equipment. Health care investments under ReNew Ontario include funding for more than 100 major hospital projects. These projects include construction of more than 15 new replacement hospitals across the province, as well as more than five new cancer centres. Shorter wait times and better health care services in modernized facilities located closer to home are the major benefits to Ontarians. This will be increasingly important as the province's population continues to grow and age.

Through ReNew Ontario, the province invested approximately $7.5 billion in education infrastructure. Investments include:

- More than $6 billion invested, including $1.3 billion through the Good Places to Learn initiative to support 12,000 renewal projects at more than 2,500 schools across the province since 2005.
- $1.4 billion the government invested through the ReNew Ontario program for post-secondary campus renewal and strategic capital projects, including $264 million for 21 strategic post-secondary capital projects. Such projects include $45 million for the Ryerson University Student Learning Centre and $40 million for the University of Windsor Centre for Engineering Innovation.
- $800 million in post-secondary investments for university and college campus renewal projects and support for the creation of almost 10,000 new graduate school spaces and 160 new first-year medical school spaces.

Efficient highways, border crossings and public transit are essential to a healthy economy, environment and communities. Under ReNew Ontario, more than $11.4 billion is being used to develop an integrated public transportation system made up of well-maintained provincial highways, local roads and bridges, public transit and efficient border crossings. Of this, $5.2 billion is being directed to building or upgrading provincial highways and bridges in both northern and southern Ontario. Another $4.5 billion is being invested in public transit that will help reduce gridlock, pollution and greenhouse gas emissions, while meeting the needs of a growing population.

Along with the province's partners, $638 million is being invested in international gateways such as Windsor, Niagara, Sarnia and Sault Ste. Marie. These upgrades will improve access and reduce congestion at busy border crossings, while enhancing economic opportunities for these communities.

**Investing in municipal water and wastewater systems**

Since 2003, the province has committed more than $2.3 billion to the water and wastewater sector through numerous funding and loan programs, including over $1.1 billion in grants to help small communities maintain and upgrade their water and wastewater systems.

The province will build on these commitments with the development of a new province-wide policy framework to ensure municipal water and wastewater systems are financially sustainable and affordable. This is a key policy priority for the ministry.

**Other municipal renewal projects**

The province is committed to investing in municipal infrastructure to create local jobs and boost the fiscal health of Ontario's communities

Infrastructure for affordable housing, justice and rural communities are other key priorities for funding under ReNew Ontario. Financing available for municipal infrastructure by 2010 includes $1.1 billion allocated on a per-capita basis to all municipalities, more than $600 million for new affordable housing investments and over $1 billion for consolidating and modernizing courthouses and other justice facilities.

**Shared federal-provincial funding**

One of the ministry's strategies for funding critical public infrastructure projects is through partnership agreements negotiated with the federal government. This is consistent with the government's strategic objective to secure a "fair share" of federal funding for infrastructure projects in Ontario.

A major accomplishment in 2008 was the signing of the Canada-Ontario Infrastructure Framework Agreement. Under this Agreement, Ontario will receive $3.09 billion from the federal government through the Building Canada Fund. Ontario will match federal funding, meaning approximately $6.2 billion will be made available for investment in the province's infrastructure.

**Alternative Financing and Procurement**

Ontario's infrastructure projects are also being funded through innovative investment strategies and a made-in-Ontario approach known as Alternative Financing and Procurement (AFP). Managed by Infrastructure Ontario, the AFP model leverages private sector expertise and resources to rebuild some of the province's larger, more complex infrastructure projects, while ensuring appropriate public control and ownership. Under AFP, a major benefit is the transfer of project risks to the private sector to ensure each project is delivered on time and on budget. A strict framework for planning, financing and procuring public infrastructure is used to ensure that all AFP processes are fair and transparent, protect the public interest and deliver value for money.

**Growth Plan for Greater Golden Horseshoe**

With the adoption of its Growth Plan for Greater Golden Horseshoe in 2006, the ministry has put in place a framework to provide overall leadership and guidance to municipalities as they plan for growth over the next 25 years. It sets clear, region-wide standards for growth and development, while giving communities the flexibility they need to address local circumstances.

To support implementation of the growth plan, Ontario is investing in infrastructure across the region, including transit projects under the Move Ontario 2020 action plan announced in 2007. Ministry staff members are focused on providing tools, training and other support to help municipalities bring their official growth plans into line with provincial policy by June 2009.

**Growth Plan for Northern Ontario**

The province is moving forward on the development of a comprehensive growth plan to create a stronger, more prosperous North, following the successful path taken for growth planning in the Greater Golden Horseshoe. Since the initiative for Northern Ontario was first announced in 2007, there has been extensive consultation with Aboriginal leaders, municipal leaders, business, industry and environmental groups and others, leading to the release of a comprehensive discussion paper in May 2008 and further consultation. A draft Growth Plan for Northern Ontario will be released in mid-2009 for public consultation. The ministry will then incorporate that input into a final Growth Plan that will include an implementation strategy of short, medium and long-term actions over the next 25 years.

**Asset management**

The effective management of the government's assets is a prime concern for the ministry. In addition to managing the government's lottery and gaming facilities, and ensuring major infrastructure projects deliver value for money, this commitment includes effective management of the province's real estate portfolio. The portfolio today consists of approximately 6,000 buildings and structures – ranging from detention centres to office space, courthouses and heritage buildings – and over 80,000 acres of land.

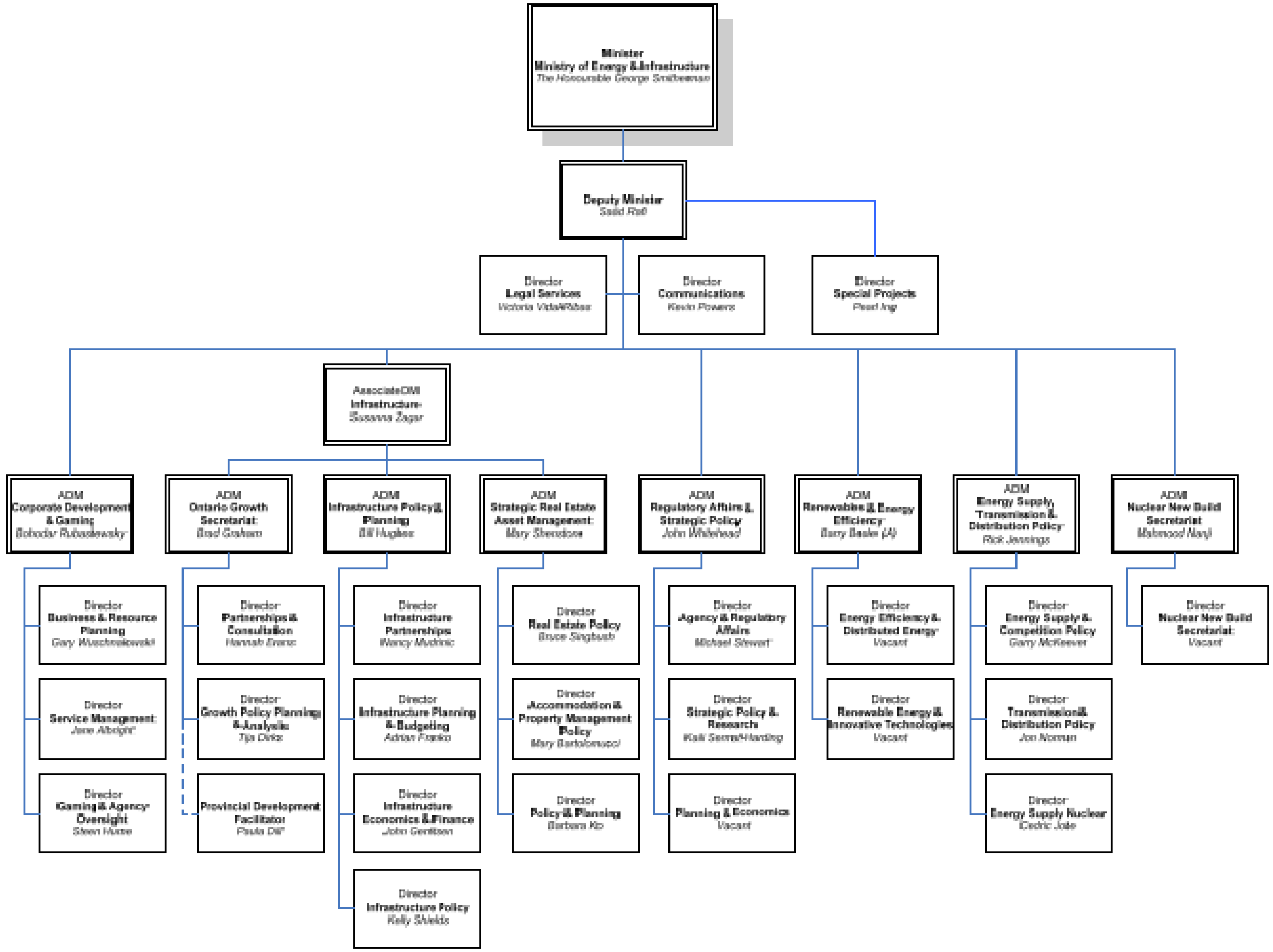
Crown land is a valued asset that can be used for government programs or sold to meet local or government interests. Revenues generated from the sale of properties are used to upgrade existing public infrastructure and build new infrastructure to support growth, jobs and prosperity for Ontarians.

The government is committed to making the best use of and obtaining fair market value for its real estate assets to protect the public interest.

Before properties are put up for sale, a stringent review process determines if they serve useful purposes in meeting government program and policy objectives. Only those identified as surplus assets are listed for sale.

The disposition of properties is part of a broader, long-term strategy set out by the government to manage the province's real estate assets in the most efficient and effective manner. To implement the strategy, the Ontario Realty Corporation develops an annual sales plan for the disposition of surplus property and follows a streamlined disposition process for optimal results.

## Ministry Organizational Chart




## Legislation

The following is a list of the legislation for which the Ministry of Energy and Infrastructure has primary legislative or administrative responsibility.

**Statutes Administered by MEI:**

1. *Capital Investment Plan Act*, 1993, S.O. 1993, c. 23, in respect of the Ontario Realty Corporation
2. *Electricity Act*, 1998, S.O. 1998, c. 15, Sched. A, except Part VIII
3. *Energy Conservation Leadership Act*, 2006, S.O. 2006, c. 3, Sched. A
4. *Energy Efficiency Act*, R.S.O. 1990, c. E. 17
5. *Hydro One Inc. Directors and Officers Act*, 2002, S.O. 2002, c. 3
6. *Ministry of Energy Act*, R.S.O. 1990, c. M. 23, except for those powers and duties of the Minister under s. 8 and 9 insofar as the powers and duties set out in those sections are required to develop and administer the Ontario Ethanol Growth Fund program
7. *Ministry of Government Services Act*, R.S.O. 1990, c. M. 25, in respect of the Ontario Realty Corporation and real property matters
8. *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, Sched. B
9. *Ontario Infrastructure Projects Corporation Act*, 2006, S.O. 2006, c. 9, Sched. I
10. *Places to Grow Act*, 2005, S.O. 2005, c. 13
11. *Power Corporation Act*, R.S.O. 1990, c. P. 18
12. *Racing Commission Act*, 2000 S.O. 2000, c. 20
13. *The Toronto District Heating Corporation Act*, 1980, S.O. 1980, c. 73
14. *Toronto District Heating Corporation Act*, 1998, S.O. 1998, c. 15, Sched. C, except for section 4
15. *Toronto Waterfront Revitalization Corporation Act*, 2002, S.O. 2002, c. 28

**MEI authority over particular sections of statutes:**

16. *Education Act*, R.S.O. 1990, c. E. 2 and R.R.O. 1990, Reg. 296, ss. 18(k)
    - In respect of the powers and duties of the Ministry of Government Services described in subsection 18(k).
17. *Environmental Assessment Act*, R.S.O. 1990, c. E. 18, and R.R.O. 1990, Reg. 334, s. 7
    - In respect of the power of the Chair of the Management Board of Cabinet to carry out an undertaking referred to in section 7 of the Regulations.

18. *Conservation Authorities Act*, R.S.O. 1990, c. C. 27, s. 32
    - In respect of the powers and duties of the Minister of Government Services described in section 32.

19. *Fish and Wildlife Conservation Act*, 1997, S.O. 1997, c. 41, s. 81
    - In respect of the powers of the Chair of the Management Board of Cabinet, described in section 81, regarding agreements for the acquisition of land.

20. *Public Lands Act*, R.S.O. 1990, c. P. 43, ss. 46(2)
    - In respect of powers of the Minister of Government Services described in subsection 46(2).

21. *Registry Act*, R.S.O. 1990, c. R. 20, s. 114
    - In respect of the powers and duties of the Minister of Government Services described in section 114.

22. *Surveys Act*, R.S.O. 1990, c. S. 30, s. 61
    - In respect of the powers of the Minister of Government Services described in section 61 regarding the installation of survey monuments on lands.

## Agencies, Boards and Commissions (ABCs)

Agencies that report to the Ministry of Energy and Infrastructure and their financial data:

Infrastructure Ontario

Infrastructure Ontario (IO) is a Crown corporation dedicated to the renewal of the province's hospitals, courthouses, and other essential public assets. Ensuring appropriate public control and ownership, Infrastructure Ontario uses alternative financing and procurement to rebuild vital infrastructure, on time and on budget.

Infrastructure Ontario also provides Ontario municipalities and universities with access to affordable loans to build and renew local public infrastructure.

| $ | 2009-10 |
|---|---|
| Operating | 162,408,000 |
| Capital | (7,434,000) |
| **Total** | **154,974,000** |

Ontario Realty Corporation

Ontario Realty Corporation (ORC) manages one of the largest real estate portfolios in Canada, consisting of approximately 6,000 buildings and structures and over 80,000 acres of land across the province. The portfolio includes a wide variety of properties ranging from detention centres to office space, courthouses and heritage buildings.

ORC provides sustainable, enterprise-wide real estate solutions for the Ontario public service, allowing efficient and effective delivery of government programs to the public. ORC optimizes the value of the government's real estate portfolio and provide cost-effective solutions for the public.

| $ | 2009-10 |
|---|---|
| Operating | 120,316,100 |
| Capital* | (613,303,600) |
| **Total** | **(492,987,500)** |

*Mainly due to reversals of expenses booked by ministries for capital projects in order to set up capital assets in Province's accounts._

Ontario Racing Commission

The ONRC, established in 1950, is an arms-length regulatory agency responsible for governing and regulating thoroughbred, standardbred and quarter horse racing in Ontario. It licenses all racetrack operators, as well as those who work at the tracks or participate in racing. Under the *Racing Commission Act (RCA)*, it has the power to suspend violators, or to impose and collect fines, should participants breach the rules of racing established in Ontario.

In 2000, the ONRC was converted under the *RCA* into a self-financing agency. The ONRC acts as an independent decision-making body to ensure the horse racing industry operates with honesty and integrity and the economic benefits to the province are protected.

| $ | 2009-10 |
|---|---|
| Operating | 11,400,000 |
| Capital | 120,000 |
| **Total** | **11,520,000** |

Toronto Waterfront Revitalization Corporation

The Toronto Waterfront Revitalization Corporation (Waterfront Toronto) was established by the federal government, the Province of Ontario and the City of Toronto to: transform underutilized industrial lands along Toronto's waterfront into sustainable new communities; promote economic growth in knowledge-based creative industries; create parks and open spaces; and provide continuous waterfront access to the public.

WT is responsible for developing and implementing a coordinated and comprehensive waterfront vision and in ensuring that the public and private sectors are engaged in revitalization efforts.

| $ | 2009-10 |
|---|---|
| Operating | 73,807,300 |
| Capital | (16,056,000) |
| **Total** | **57,751,300** |

Independent Electricity System Operator

The Independent Electricity System Operator (IESO) is responsible for managing Ontario's bulk electricity system and operating the wholesale electricity market. It is empowered by the *Electricity Act, 1998* to direct the operation and maintain the reliability of the IESO-controlled power grid.

| $ | 2009-10 |
|---|---|
| Operating | 120,755,000 |
| Capital | 25,425,000 |
| **Total** | **146,180,000** |

Ontario Power Authority

The Ontario Power Authority (OPA) was established by the *Electricity Restructuring Act, 2004*. It is governed by an independent board of directors and reports to the Ontario Legislative Assembly through the Minister of Energy and Infrastructure. The OPA has four key areas of focus:

1. Leading and coordinating conservation efforts across the province.
2. Planning the power system for the long term.
3. Ensuring development of needed generation resources.
4. Supporting continued evolution of the electricity sector.

| $ | 2009-10 |
|---|---|
| Operating | 79,935,000 |
| Capital | 1,191,000 |
| **Total** | **81,126,000** |

Ontario Energy Board

The Ontario Energy Board (OEB) is a quasi-judicial board that regulates the province's electricity and natural gas sectors in the public interest. Its mandate is determined by the provincial government, and is embodied in the *Ontario Energy Board Act* and its regulations. The Board is a self-funding Crown corporation.

The Board reports on administrative matters to the Ontario legislature through the Minister of Energy and Infrastructure, but carries out its functions and responsibilities independently.

| $ | 2009-10 |
|---|---|
| Operating | 34,646,200 |
| Capital | 1,907,900 |
| **Total** | **36,554,100** |

**The ministry also has oversight of the following agencies:**

Hydro One:

Hydro One Inc. (Hydro One), through its wholly-owned operating subsidiaries, owns and operates most (97%) of the province's electrical transmission system. It also serves as a local electricity distributor and generates power in several remote communities in Ontario. Hydro One is the largest local electricity distributor in Ontario, serving 25% of all customers.

| $ | 2009-10 |
|---|---|
| **Net Income** | **475,000,000** |

Ontario Power Generation:

Ontario Power Generation (OPG) has as its principal business the generation and sale of electricity in Ontario. OPG produced about 70% of the total power generated in Ontario in 2008. OPG generating assets include: 3 nuclear generating stations; 5 fossil generating stations; and 64 hydroelectric generating stations.

| $ | 2009-10 |
|---|---|
| **Net Income** | **508,000,000** |

### Ministry Financial Information

**Ministry Planned Expenditures 2009-10**

| | |
|---|---|
| **Operating** (1) | **286.1** |
| **Capital** (1) | **4,225.4** |
| **Total** | **4,511.5** |

Note: Totals do not include consolidated adjustments of ($899.6M).

## Vote Information

### Ministry of Energy and Infrastructure
### Operating and Capital Summary by Vote

The mandate of the Ministry of Energy and Infrastructure includes the creation of an energy conservation culture while ensuring a reliable, sustainable, and diverse supply of energy at competitive prices, with minimal impact on the province's environment; the development and advice on all aspects of energy policy for Ontario, including electricity, natural gas, oil and alternative energy.

The Ministry of Energy and Infrastructure is the central agency responsible for managing infrastructure planning and capital priority setting for the Government of Ontario. It is responsible for the implementation of the government's growth management policy through the development of growth plans in collaboration with other ministries and in consultation with the local government sector, stakeholders and the public; the development of effective asset management policies and policies and programs for gaming, infrastructure financing, including alternative financing and procurement (AFP), and realty accommodation policy.

| Votes/Programs | Estimates 2009-10 $ | Change from Estimates 2008-09 $ | % | Estimates 2008-09 $ | Interim Actuals 2008-09 $ | Actuals 2007-08 $ |
|---|---|---|---|---|---|---|
| **OPERATING AND CAPITAL EXPENSE** | | | | | | |
| Ministry Administration Program | 18,758,700 | (1,757,700) | (8.6) | 20,516,400 | 20,516,400 | 16,629,451 |
| Energy Sector Transformation Program | 185,012,400 | 111,977,200 | 153.3 | 73,035,200 | 88,535,200 | 69,397,456 |
| Infrastructure and Growth Planning | 4,026,931,600 | 3,725,146,000 | 1,234.4 | 301,785,600 | 88,110,100 | 490,689,863 |
| Realty Development and Management | 280,625,100 | 112,424,800 | 66.8 | 168,200,300 | 168,200,300 | 243,711,871 |
| **Total Operating and Capital Expense to be Voted** | **4,511,327,800** | **3,947,790,300** | **700.5** | **563,537,500** | **365,362,000** | **820,428,641** |
| Statutory Appropriations | 225,187 | (46,841) | (17.2) | 272,028 | 272,028 | 128,028 |
| **Ministry Total Operating and Capital** | **4,511,552,987** | 3,947,743,459 | 700.2 | **563,809,528** | **365,634,028** | **820,556,669** |
| Consolidation & Other Adjustments* | (899,595,600) | (793,507,900) | 748.0 | (106,087,700) | (22,524,900) | 30,700,654 |
| **Total including Consolidation & other Adjustments** | **3,611,957,387** | **3,154,235,559** | **689.1** | **457,721,828** | **343,109,128** | **851,257,323** |
| **OPERATING AND CAPITAL ASSETS** | | | | | | |
| Realty Development and Management | 1,000 | 1,000 | 100.0 | | | |
| **Total Assets to be Voted** | **1,000** | **1,000** | **100.0** | | | |

*Breakdown of the 2009/10 Consolidation and other Adjustments:

| | | |
|---|---|---|
| <u>OPERATING</u> | | |
| Independent Electricity System Operator | 120,755,000 | |
| Ontario Energy Board | 34,646,200 | |
| Ontario Power Authority | 79,935,000 | |
| Ontario Realty Corporation - Corporate | (800,000) | |
| Ontario Realty Corporation - General Real Estate Portfolio | 121,116,100 | |
| Ontario Infrastructure Projects Corporation | 162,408,000 | |
| Toronto Waterfront Revitalization Corporation | 73,807,300 | |
| Ontario Racing Commission | 11,400,000 | 603,267,600 |
| <u>CAPITAL</u> | | |
| Independent Electricity System Operator | 25,425,000 | |
| Ontario Energy Board | 1,907,900 | |
| Ontario Power Authority | 1,191,000 | |
| Ontario Realty Corporation - Corporate | 1,700,000 | |
| Ontario Realty Corporation - General Real Estate Portfolio | (615,003,600) | |
| Ontario Infrastructure Projects Corporation | (7,434,000) | |
| Toronto Waterfront Revitalization Corporation | (16,056,000) | |
| Ontario Racing Commission | 120,000 | |
| Other adjustments - Federal-Provincial Infrastructure Programs | (894,713,500) | (1,502,863,200) |
| **Total Consolidation and Other Adjustments** | | **(899,595,600)** |

Note: The Estimates 2008-09, Interim Actuals 2008-09 and Actuals 2007-08 are adjusted to reflect the merger of the former Ministries of Energy and Public Infrastructure Renewal into the new Ministry of Energy and Infrastructure.

## Ministry/Government Contact Information and Web Links

**More Information**

***More information on the programs and policies in this document can be found online at:***

For more information on the Ministry of Energy and Infrastructure:
http://www.mei.gov.on.ca

For more information on Places to Grow:
http://www.placestogrow.ca/

For more information on Infrastructure Ontario:
http://www.infrastructureontario.ca

For more information on the Ontario Realty Corporation (ORC):
http://www.ontariorealty.ca

For more information on Waterfront Toronto:
http://www.waterfrontoronto.ca/index

For more information on the Ontario Racing Commision (ONRC):
http://www.ontarioracingcommission.ca/

For more information on the Ontario Power Authority (OPA):
http://www.powerauthority.on.ca/

For more information on the Ontario Energy Board (OEB):
http://www.oeb.gov.on.ca/

For more information on the Independent Electricity System Operator (IESO):
http://www.ieso.ca/

For more information on the Ontario Power Generation (OPG):
http://www.opg.com/

For more information on Hydro One:
http://www.hydroone.com/

ABOUT THE MINISTRY

## Annual Report, 2008-2009 (Energy and Infrastructure)

In June 2008, the Ontario government established a new Ministry of Energy and Infrastructure, merging the former Ministry of Energy and former Ministry of Public Infrastructure Renewal. Combining the resources and strategic objectives of the two ministries brings added strength and focus as the province works to achieve its vision of a new green economy.

The Ministry of Energy and Infrastructure continues to carry out the important responsibilities initiated by the two former ministries in 2003, which included developing renewable energy sources, fostering a culture of conservation within Ontario's energy system and making critical investments in public infrastructure for the future. The combined ministry will look to integrate its activities for greater advantage to Ontarians – for example, by empowering communities to generate their own electricity as part of their growth plans or by strengthening sustainable development and efficiency in such areas as transit and the construction of public buildings.

Today, the Ministry of Energy and Infrastructure is supporting the kind of growth and environmental stewardship that will lead to economic prosperity, new jobs and sustainable communities for Ontarians, present and future.

In meeting these priorities, the ministry is focused on three key deliverables:

- ensuring a clean, reliable, and affordable energy system
- revitalizing public infrastructure, and
- implementing smart growth plans for key regions of the province.

Forging ahead towards its vision of a cleaner, greener and stronger Ontario, the ministry made significant progress against its strategic objectives in 2008-09.

Reports

What's New

Contact Information

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**Major accomplishments**

In what is expected to become the foundation for creating a new green economy, the government introduced landmark legislation on February 23, 2009 – the *Green Energy Act*. If passed, it will spark investment in clean and renewable sources of energy such as wind, solar, water, biomass and biogas; create up to 50,000 jobs for Ontarians in its first three years, and empower households and businesses to drive down their energy use and expenses. The proposed act envisages a "smart" transmission grid that will enable the province to harness the emerging energy technologies of the 21st century.

**ReNew Ontario** is the government's five-year infrastructure investment plan, introduced in 2005 to address the significant infrastructure deficit that built up over the past three decades. Under this plan, the government has moved ahead with critical infrastructure projects to ensure that the province's schools, hospitals, transportation networks, water systems and other infrastructure contribute to economic prosperity and enrich life for residents. ReNew Ontario will be completed in 2008-09, a full year ahead of schedule. The province recently announced as part of the 2009 Budget, a further $32.5 billion for infrastructure investments over two years.

The *Places to Grow Act, 2005* is the framework for meeting the government's key priority of managing growth and development in Ontario to 2031. By aligning infrastructure investments with long-term growth plans customized to regional priorities, Places to Grow is implementing the province's vision of strong local economies and dynamic communities. In conjunction with the *Greenbelt Act, 2005*, and the *Lake Simcoe Protection Act, 2008,* it also helps safeguard Ontario's agricultural assets and natural heritage for generations to come. Building on the success of the Growth Plan for the Greater Golden Horseshoe launched in 2006, the province is now developing a growth plan to meet the unique needs and opportunities of Northern Ontario.

The following are highlights of the ministry's achievements and progress against its goals and commitments:

**Conservation and demand management**

**Goal:** Reduce projected peak electricity demand by 1,350 megawatts (MW) by 2010 and a total of 6,300 MW by 2025 by fostering and supporting a culture of conservation in Ontario.

On September 13, 2008 the Ontario Power Authority (OPA) was also asked to review those targets, set within the 20-year Integrated Power System Plan, with a view to accelerating their achievement.

**Achieved:** In his June 2008 report, Ontario's Chief Energy Conservation Officer confirmed the province had reached its 2007 target of a 1,350 MW drop in peak energy demand.

**Other progress:**

- Earning its highest grade ever, Ontario **scored an "A"** on the latest report card from the non-profit Canadian Energy Efficiency Alliance.
- Since its launch in 2007, the newly renamed **Home Energy Savings Program** has provided $38 million for over 42,000 retrofits and $18 million for 124,000-plus audits to help homeowners improve their energy efficiency. The program provides up to $150 towards the cost of a home energy audit and combined provincial-federal rebates of up to $10,000 for retrofits that address the energy issues identified in the audit. The average retrofit is expected to cut a typical home's annual energy use by about 30 per cent and its carbon dioxide emissions by about 2.5 tonnes – equivalent to taking a car off the road.

- Through the **Ontario Solar Thermal Heating Incentive**, the Ontario government has allocated up to $14.4 million, available until March 31, 2011 to encourage entities in the industrial, commercial and institutional sectors in Ontario to install qualifying solar thermal heating equipment.

- Leading the way in its own operations, the province cut the electricity consumed by **government-owned facilities** by 12 per cent, surpassing the original 10 per cent goal. The goal for 2012 is to reduce energy taken from the grid by a total of 20 per cent.

- Since 2007, more than 90,000 ***peaksaver*** devices have been installed, representing about 45 MW of potential peak demand savings. Ontario households that sign up for this program help their local distribution company manage demand for air conditioning during summer heat waves.

- The OPA has introduced a variety of successful conservation programs geared towards residential, industrial and commercial/institutional consumers. As a result of these programs:
    - more than 100,000 older **fridges** were retired under the Great Refrigerator Roundup,
    - 100 green jobs in Ontario were created as electricity-guzzling old appliances were permanently removed from the grid.
    - 15 new projects were approved for funding under the Conservation Fund in 2008. Since 2005, $8.6 million in funding has been provided for 68 electricity conservation pilot projects in the residential, business and industrial sectors.

- Minimum **energy-efficiency standards** have been established under law for more than 50 products and appliances that together consume 80 per cent of the energy used in the residential sector and 50 per cent used in the commercial and institutional sectors.

- Working toward a time-of-use pricing system, the province is targeting to install **smart meters** in all homes and small businesses across the province by the end of 2010. So far, more than 2 million meters have been installed by local distribution companies (LDCs).

- Working with LDCs, the OPA, the Ontario Energy Board (OEB) and the Independent Electricity System Operator (IESO), the ministry continues to develop a framework and schedule to phase in **time-of-use pricing** in a carefully managed and responsible manner. Time-of-use pricing will be rolled out to encourage energy users to shift consumption off peak demand hours and empowering them to conserve. Already, more than 33,000 customers in Newmarket, Milton and Chatham-Kent have moved to time-of-use prices.

- In 2008, the **IESO** was selected to lead Ontario's Smart Grid Forum. Over the past year, the IESO also introduced a Day-Ahead Price Forecast that helps consumers better manage their electricity consumption and costs by avoiding higher-priced periods and shifting or reducing some of their electricity use.

- The **Municipal Eco Challenge Fund** was created in spring of 2008 to help local governments reduce greenhouse gas emissions and energy consumption at their buildings and facilities. In 2008-09, $2 million flowed to municipalities to assist with over 60 energy efficient retrofits and audits, saving an estimated $1 million in annual electricity costs and reducing carbon dioxide (CO2) emissions by over 7,700 tonnes per year.

- Since 2006-07, the province has funded grassroots, community-based conservation activity through its **Community Conservation Initiatives** program. Since inception, the program has supported over 85 projects (including 18 small-scale renewable energy demonstration sites) and 56 conservation fairs. The program has delivered the conservation message to over a million Ontario residents.

- The ministry continued to work with LDCs, the OEB and the OPA on the delivery of conservation and demand management programs. The ministry authorized LDCs to begin investing more than $160 million in programs and subsequently directed the OPA to make available a further $400 million over three years available for **conservation programming by LDCs.**

- The Ministry worked with Infrastructure Ontario to help extend funding support to encourage energy conservation in **universities and municipalities**
- The Minister directed the OPA to **fast track** programs aimed at low-income residential consumers for appliance and lighting efficiency improvements, and for other programs in the residential, commercial and industrial sectors

**Goal:** Install 800,000 smart meters in homes and small businesses by the end of 2007 and province wide by the end of 2010, working toward a time-of-use pricing system.

**Achieved:** Working with local distribution companies (LDCs), the target was met in September 2007, and by early March 2009, over 2.3 million meters had been installed.

**Other progress:**

- The Ministry is working with LDCs, the OEB and the IESO to develop a schedule and framework to phase in time-of-use pricing, including a dedicated consumer education program.

- Ministry has worked closely with London Hydro and its consortium on the second phase of smart meter procurement.
- As of early 2009, LDCs representing approximately 99% of all low-volume customers in Ontario are in the process of procuring or actively installing smart meters.

- LDCs are working towards meter data management/meter data repository (MDM/R) integration to support time-of-use pricing.

- As of July 2008, all 20,000 Milton customers were moved to time-of-use billing. As of March 2009, 16,000 Newmarket customers and 250 Chatham-Kent customers were on time-of-use billing.

- Proposed a legislative framework for implementation of Smart Grid in Ontario.

**New, cleaner energy supply**

**Goal:** Bring **new, clean supply** on line to meet demand.

**Achieved:** In the five years since October 2003, more than 5,000 MW of new supply has been added in Ontario. The IESO reports that 4,700 MW of new and refurbished supply is expected to come into service over the 18 months ending September 2010.

**Goal:** Signed contracts for 1,350 MW of **new renewable energy** by December 2007 and a total of 2,700 MW in signed contracts by 2010.

**Achieved:** The 2010 target has been met and surpassed. There are approximately 3,000 megawatts of signed renewables contracts in place today.

**Goal:** Develop **gas-fired generation** as a source of cleaner peaking power as Ontario continues to move toward a coal phase-out.

**Achieved:** More than 1,300 MW of gas-fired generation has come online in 2008; more than 1,500 MW expected to enter service in 2009.

- Greenfield Energy Centre: The Greenfield Energy Centre, a 1,005 MW combined cycle gas-fired generation facility, reached commercial operation in October 2008.
- St. Clair Power: St. Clair Power, a 577 MW combined cycle natural gas-fired facility, has declared commercial operation.
- Portlands Energy Centre (PEC) and the Goreway Station project, respectively representing 550 MW and 839 MW of combined cycle gas-fired generation, are scheduled to come online by the summer of 2009. PEC operated in simple cycle mode (340 MW) last summer.

The Ontario Power Authority has completed the competitive procurement process for new peaking generation in the northern York region. A 393 MW natural gas-fired single-cycle generating facility in King Township is expected to be in commercial operation by the end of 2011.

The ministry also directed the OPA, in August 2008, to launch a competitive procurement process for a combined-cycle natural gas generating plant of about 850 MW in the Southwest GTA, to be in service by the end of 2013.

**Coal phase-out**

**Goal:** Eliminating coal-fired electricity from Ontario's power supply while maintaining a reliable and affordable energy system.

**Achieved:** The government has committed to replacing coal-fired generation, and has passed a regulation to do so by the end of 2014, the earliest date the OPA identified as feasible.

Between October 2003 and the end of 2008, more than 5,000 MW of new and refurbished capacity was added online to help replace coal-fired capacity in Ontario's supply mix. Between 2003 and 2008, coal generation fell 36%.

In total, close to 10,000 MW are forecast to be added between 2003 and 2011, which will help Ontario replace coal-fired generation by the end of 2014. The new supply means that Ontario will also be able to use less coal-fired generation in the interim.

In the interim, the government has directed OPG to reduce annual emissions from coal generation to 19.6 megatonnes in 2009 and 15.6 megatonnes in 2010 on a forecast basis.

OPG is currently on track to meet its 2009 coal related greenhouse gas emission targets.

**Other progress:**

- The OPA is in the process of revising its Integrated Power System Plan to increase conservation and renewable targets. The plan will incorporate the coal replacement strategy and will enable reductions in coal-fired generation between 2011 and 2014, followed by full replacement of coal by the end of 2014.

- The coal-fired generation is to be replaced by a combination of conservation, renewable energy and natural gas, eliminating mercury emissions, and drastically reducing smog and acid rain forming pollutants. Natural gas fired power plants will provide the same electricity at peak demand times that coal generation did in the past, but with only one third the greenhouse gas emissions emitted from coal

**Transmission and distribution**
**Goal:** Strengthening Ontario's transmission and distribution systems, especially in places with the most significant opportunities for developing renewable energy sources such as wind, water and biomass.

**Progress:**

The Ministry of Energy and Infrastructure has developed the proposed *Green Energy Act* introduced in the Legislature on February 23, 2009. The proposed Act includes a number of provisions that will encourage the expansion and reinforcement of Ontario's electricity grid, make the grid smarter, and more geared to the development of renewable energy. Among these provisions is a requirement for all network operators to develop system expansion plans to accommodate higher levels of renewable generations.

The proposed *Green Energy Act* contains the following transmission-related provisions:

- **"As of Right" Access Rules,** establishing the right for qualifying renewable generators to connect to electricity grids on a priority basis.

- **Requirements for Grid Expansion Plans,** for system investments by transmitters and distributors to enable new renewable generation.

- **Smart Grid Framework,** laying out the legislative groundwork for implementation of Smart Grid technologies by Ontario's transmitters and distributors, thus enhancing Ontario's ability to make further investments in distributed renewable generation.

- **Service Guarantees for Connection Assessments,** establishing a requirement for transmitters, distributors and the system operator to complete network impact assessments for connecting renewable generators within specified binding timelines.

- **Streamlined Approvals for Transmission Projects**, removing duplication in the existing regulatory processes, and providing clarity for large transmission projects necessary for accessing new renewable energy sources.

**Other progress:**

- On September 18, 2008 the Minister directed the Ontario Power Authority (OPA) to review a modest portion of its proposed Integrated Power System Plan to maximize Ontario's renewable electricity potential. Along with other initiatives, the Minister instructed the OPA to develop options for improving network capacity in the transmission-constrained "Orange Zones" that have limited the province's ability to expand its renewable portfolio in the past.

- MEI, OPA, OEB, Hydro One and IESO have worked together on the Renewable Energy Supply Integration Team to develop recommendations for a proposed feed-in-tariff process and associated grid connection. Arising from this, the OPA and Hydro One have worked together to develop a renewed transmission plan for the province in light of the proposed feed-in-tariff.

- Hydro One was granted leave to construct the Bruce to Milton line. The Environmental Assessment for the project was submitted to the Ministry of the Environment for approval on December 1, 2008.
- Construction is underway on two 230 kilovolts underground transmission lines which will reinforce the electricity supply to the City of Brampton (Western Brampton Transmission Reinforcement project).
- Construction is underway on a new line and Transformer Station (Karn TS) which will reinforce the electricity supply and accommodate growth in the Woodstock area.
- Construction is underway on Nobel Station, which will increase the flow of electricity between northern Ontario and southern Ontario by about 600 megawatts through series compensation.
- Class environmental assessments have been completed for both the Churchill Meadows TS (in Northwest Mississauga) and Enfield TS (in Oshawa). These projects will improve reliability and accommodate load growth in the area.
- Hydro One has conducted public consultations and is working on Class environmental assessments for transmission reinforcements in the Windsor, Chatham-Kent, Woodstock East, Midtown Toronto, North Burlington and Guelph Areas.

**Nuclear new build and refurbishment**

**Goal:** Maintaining Ontario's installed nuclear capacity at its current level of 14,000 MW as part of the province's Integrated Power System Plan (IPSP) through a combination of refurbishment of existing plants and the construction of new nuclear plants.

**Achieved:** The government launched a competitive RFP process for the procurement of two new nuclear units. Three respondents, Atomic Energy of Canada Limited, Areva, and Westinghouse submitted bids which will be evaluated against specific criteria.

The government selected Darlington as the site for the new nuclear units and re-affirmed that Bruce Power will maintain 6,300 MW through either refurbishment of the Bruce B units or construction of new units.

**Other Progress:**

- regulatory approvals processes on both the Darlington new build and the refurbishment of the Pickering B plant are progressing

**Over the Next Months:**

- A technology for the Darlington new build plant will be selected
- The government will oversee the execution of a project agreement between the selected vendor and OPG on construction of the new plant
- A decision on whether to refurbish the Pickering B units will be made, and

- An assessment of the feasibility to refurbish the Bruce B units versus build a new plant at the Bruce site, will be completed

**Shared federal-provincial funding**

**Goal:** Work in partnership with the federal government to fund infrastructure renewal projects for municipalities and the province.

**Achieved:** A major success in 2008-09 was the negotiation of a framework agreement with the federal government that will provide more than $6.2 billion in matching federal and provincial investments to meet Ontario's key infrastructure needs and priorities until 2014. The agreement, reached in July 2008, is part of the federal government's long-term infrastructure plan, **Building Canada Plan**. Initial priorities include the Huron-Elgin-London Project (HELP) for clean water, improvements on Highway 11/17 in northwestern Ontario, expanding rural broadband coverage in southern and eastern Ontario, and rapid transit in the Waterloo region.

**Other progress:**

- Joint federal and provincial investments under the first intake of the **Communities Component** of the Building Canada Fund are being fast-tracked to provide $687 million for 290 small-scale infrastructure projects in Ontario communities with populations of fewer than 100,000. Together with municipal contributions, investments in local infrastructure improvements will top $1 billion.

- As part of the **Major Infrastructure Component** of the Building Canada Fund, the federal and provincial governments each committed $250 million towards upgrades for GO Transit infrastructure.

- During the year, progress was made in moving the Toronto-York **Spadina Subway Extension** project towards completion in 2015. All financial arrangements are now in place, including those under the federal Building Canada Fund, and preliminary construction is paving the way for major construction to begin in 2010. Through the Move Ontario Trust, the province has so far invested $870 million in the project, with a commitment to fund 40 per cent of the estimated $2.6 billon cost.

- In the largest highway investment in the history of Ontario, the provincial and federal governments are investing in the **Windsor Essex Parkway** to improve access at Canada's busiest international gateway by 2013. The highway, a below-grade six-lane freeway with 11 tunnels and service roads, includes unprecedented features to enhance quality of life in the community, including improved air quality, new parkland and other recreational opportunities.

**Health, education and transportation infrastructure**

**Goals:** Along with the government's partners, invest more than $5 billion in health care facilities and equipment, a total of $10 billion in schools, universities and colleges, and $11.4 billion in transit and transportation by 2010.

**Achieved:** The province has completed the ReNew Ontario initiative a full year ahead of schedule, investing in health, education, and transportation.

**Other progress:**

- As part of ReNew Ontario, the government and its partners have invested $4 billion to modernize, upgrade and expand health care facilities and equipment. Health care investments under ReNew Ontario include funding for more than 100 major hospital projects. These projects include construction of more than 15 new replacement hospitals across the province, as well as five new cancer centres

- Through ReNew Ontario, the province invested approximately $7.5 billion in **education infrastructure**, including $1.3 billion to support 12,000 renewal projects at more than 2,500 schools across the province since 2005. The province has provided $264 million to support 21 strategic post-secondary capital projects, including $45 million for the Ryerson University Student Learning Centre and $40 million for the University of Windsor Centre for Engineering Innovation.

- As part of ReNew Ontario, a total of $4.5 billion is being invested in transit initiatives. Since 2003, Ontario has committed more than $2.7 billion to help the City of Toronto improve and expand transit, including $524 million from provincial gas tax funding.

- Under the **Gas Tax Program**, which provides two cents per litre of provincial gas tax revenues to municipalities as a source of long-term, sustainable funding for public transit, an estimated $321 million is being distributed to 111 communities in 2008-09. Since 2004, the government will have provided more than $1.3 billion to municipalities. From 2010 to 2014, a further $2.98 billion will flow to Ontario municipalities thanks to the extension of the federal Gas Tax Fund agreement announced in July 2008.

- The province's **Northern Ontario Highways Strategy** is providing $1.8 billion by 2010 to improve and expand the highway network in the North, creating an estimated 45,000 jobs. Another $3.4 billion is being invested in southern Ontario through the **Southern Ontario Highways Program**, adding 130 kilometres of highway and 64 bridges, and repairing 1,600 kilometres of highways and 200 bridges. In 2008-09, the government is investing $557 million in the northern network and another $927 million in the southern highway system.

- In 2007-08, the province provided $400 million for the **Municipal Roads and Bridges Fund** for critical projects in rural communities outside Toronto. As well, through its **Connecting Links** initiative, $16 million is being used to help municipalities invest in specifically designated local roads that connect to provincial highways.

**Municipal water and wastewater systems**

**Goals:** Ensure that municipal water and wastewater services are financially sustainable and affordable, and able to deliver clean and safe drinking water to Ontario families.

**Achieved:** The ministry is leading the development of a province-wide strategy to ensure municipal water and wastewater services are financially sustainable and affordable. Since 2003, the province has committed more than $2 billion to the water and wastewater sector through numerous funding and loan programs.

- In February 2009, the province committed with the federal government approximately $320 million for 93 water and wastewater projects through the first intake of the **Building Canada Fund Communities Component**.

- In July 2008, the government announced up to $50 million for phase 1 of the Huron Elgin London Clean Water Project (**HELP**) under the Building Canada Plan. This matches the federal announcement of up to $50 million made in October 2007.

- The government announced a new $40 million five year funding program to provide operating and capital assistance to municipalities and Local Services Boards with public drinking water systems serving small populations. The first two phases of this funding program, the **Ontario Small Waterworks Assistance Program 1 and 2**, have been launched and will provide $20 million in operating assistance to eligible communities.

- To support water infrastructure priorities identified by municipalities, the government provided approximately $134 million under the **Municipal Infrastructure Investment Initiative** in 2007-08.

- Through **the Rural Infrastructure Investment Initiative** the province provided $56 million to 53 municipalities in response to water and wastewater project applications in 2006-07.

- Together with the federal government, nearly $380 million is being directed to help 60 rural municipalities with water and wastewater projects through the **Canada-Ontario Municipal Rural Infrastructure Fund**.

- Through **Infrastructure Ontario's Loan Program** and the broader public sector, the province has finalized agreements for approximately $1.2 billion in affordable, long-term financing for water and wastewater projects.

**Other municipal infrastructure support**

**Goal:** Build roads, bridges and other infrastructure to help municipalities create local jobs, boost their fiscal health, and ensure healthy and vibrant communities.

**Achieved:** Altogether, more than $7 billion in infrastructure transfers have been made to municipalities since 2006, including capital grants, one-time investments and other contributions.

**Other Progress:**

In August 2008, the Premier announced $1.1 billion in investments under the **Investing in Ontario Act** to help address Ontario's municipal infrastructure deficit.

In 2008, eligibility for the government's **Infrastructure Ontario Loan Program** was expanded to include not-for-profit professional arts training institutions such as the National Ballet School, local services boards, and social and affordable housing providers.

- Up to $500 million in financing under the Infrastructure Ontario Loan Program will be available to **social and affordable housing** providers to support the government's goal to create more opportunity for all low-income families and children. New infrastructure investment in 2008-09 includes $100 million to rehabilitate existing social housing units, including energy-efficiency improvements.

- A construction program for new courthouses and other **justice facilities** is now in place in Ontario, and investments are being made to consolidate and modernize existing facilities across the province. In addition to increasing the number of available courtrooms, and providing better security and easier access for the disabled, the projects are also creating new jobs to spur economic development. In 2008-09, sites were chosen for new, consolidated courthouses in Thunder Bay and Belleville.

- The province has committed $500 million in funding for the revitalization of Toronto's waterfront. Funding is being used to remediate lands, put municipal servicing in place for developments in the waterfront's West Don Lands and East Bayfront precincts, build a Flood Protection Landform in the West Don Lands, construct roads, install tracks for new streetcar services and create parks and other public spaces. To the end of 2008-09, the province has invested over $130 million in Toronto waterfront revitalization.

**Innovative financing model**

**Goal:** Finance and deliver large infrastructure projects on time and on budget through the made-in-Ontario Alternative Financing and Procurement (AFP) model.

**Achieved:** Infrastructure Ontario currently manages the construction of 22 large, complex projects across the province. Through its AFP projects, the agency has created thousands of local construction jobs and acted as a stimulus for economic development in communities across Ontario.

**Growth Plan for the Greater Golden Horseshoe**

**Goal**: Implement the Growth Plan for the Greater Golden Horseshoe.

**Achieved:**

- Released technical papers to build capacity to implement and monitor the goals of the Growth Plan. Includes the delineation of the built boundary, determination of the size and location of urban growth centres, and an assessment of how to better plan for employment.

- Provided guidance and support to meet the June 2009 Official Plan conformity deadline:
  - Training over twenty municipal councils, the Ontario Municipal Board, Professional and Industry Associations, and Community Groups on the Growth Plan.
  - Undertaking official plan reviews, providing clarification of Growth Plan policies, and offering technical analysis and support.

- Aligned infrastructure investments and government policies with the Growth Plan:
  - Through ReNew Ontario and MoveOntario 2020, investing in better transit services, quicker movement of goods, community infrastructure such as hospitals, schools and universities, and clean water.
  - Working across government to make sure provincial plans, proposed legislation, and agency deliverables complement and implement the Growth Plan's vision, such as the Greenbelt Plan, the Lake Simcoe Protection Act and draft Lake Simcoe Protection Plan, the Metrolinx Regional Transportation Plan, and the proposed *Green Energy Act*.

- Increased awareness and understanding of the Growth Plan's objectives through public and stakeholder engagement activities:
  - A second Places to Grow Summit was held in November 2008 which brought together 300 municipal, environmental, and business leaders to discuss best practices for community development.
  - Engaged youth in implementing the Growth Plan and planning for the future in urban growth centres of Guelph, Burlington, Toronto, Kitchener, Waterloo, Newmarket, Oakville, Peterborough and Pickering.

- A user-friendly website has been developed with on-line tools, visualizations, an image bank, and information materials.

**Growth Plan for Northern Ontario**

**Goal:** Develop a 25-year blueprint to attract and sustain growth in Northern Ontario, while meeting the unique needs of northern communities.

**Achieved:** The Growth Plan for Northern Ontario, introduced under the *Places to Grow Act* in May 2007, is taking shape. Along with the Ministry of Northern Development and Mines and other ministries dedicated to northern prosperity, the ministry is investing significant effort up front to consult stakeholder groups and connect the people who will champion the growth plan initiative. A comprehensive discussion paper inviting additional input was released in May 2008. It was followed by a series of roundtable technical discussions bringing together industry, academic, aboriginal and government leaders to explore key areas of potential future growth. A draft Growth Plan for Northern Ontario is expected to be released in summer of 2009 for public consultation.

**Gaming strategy**

**Goal:** Develop a new, comprehensive strategy for gaming to support local communities and economies through gaming programs.

**Achieved:** Since 1999, municipalities that host gaming sites have received approximately $597 million as their portion of revenue from slot machines. Almost $350 million in revenue from the *Slots at Racetracks Program* is expected to be directed to the horse racing industry in 2009-10, in recognition of the significant economic benefits it provides to Ontario's agricultural economy and rural sector.

**Other progress:**

- $439 million were invested in improvements to the Caesars Windsor gaming facility, which hosted its grand opening gala in June 2008. Approximately $136 million, was spent on local construction companies and vendors working on the project.

- Also during the year, a major renovation project was announced for Casino Brantford. Approximately $37.5 million is being invested in the two-year project, which will create an estimated 200 construction jobs.

- The new *Gaming Revenue Sharing and Financial Agreement*, reached in early 2008, will take effect in 2011, providing provincial gaming revenues to First Nations as a means to stable, long-term revenue to invest in their communities and improve quality of life. The agreement, worth over $3 billion, reflects the province's commitment to building cooperative relationships with aboriginal communities.

## Ministry Expenditures

**Ministry Interim Actual Expenditures ($M) 2008/09**

| | |
|---|---|
| Operating* | 189.4 |
| Capital | 176.2 |
| Staff Strength (as of March 31, 2009) | 331 |

* Interim actual expenditures do not include the consolidation adjustments of (-$22.52M) for the Ontario Realty Corporation, the Ontario Infrastructure Projects Corporation, Waterfront Toronto, Ontario Energy Board, the Ontario Power Authority and the Independent Electricity System Operator.

## Ministry/Government Contact Information and Web Links

### More Information

***More information on the programs and policies in this document can be found online at:***

For more information on the Ministry of Energy and Infrastructure:
http://www.mei.gov.on.ca

For more information on Places to Grow:
http://www.placestogrow.ca/

For more information on Infrastructure Ontario:
http://www.infrastructureontario.ca

For more information on the Ontario Realty Corporation (ORC):
http://www.ontariorealty.ca

For more information on Waterfront Toronto:
http://www.waterfrontoronto.ca/index

For more information on the Ontario Racing Commision (ONRC):
http://www.ontarioracingcommission.ca/

For more information on the Ontario Power Authority (OPA):
http://www.powerauthority.on.ca/

For more information on the Ontario Energy Board (OEB):
http://www.oeb.gov.on.ca/

For more information on the Independent Electricity System Operator (IESO):
http://www.ieso.ca/

For more information on the Ontario Power Generation (OPG):
http://www.opg.com/

For more information on Hydro One:
http://www.hydroone.com/