



Hydro towers and power lines heading north from the Pickering generating station in Pickering, Ont.

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Why we must reset Ontario's energy policy agenda

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Has Ontario's green energy revolution met its Waterloo? Or can a cautious reprieve be crafted to avoid banishment?

Given the new electoral landscape and a minority government struggling with debts and deficits, a sober assessment of the cost impact of solar and distant but dispersed wind resources will be necessary. For any incoming minister, the fate of Ontario's Green Energy Act will hang in the balance unless there's a credible path forward that meets the harsh test of fiscal prudence and a flexible set of solutions that can command broader social acceptance.

Fierce opposition to the expansion of industrial-scale wind turbines on farmers' fields likely played a central role in shaping the outcome of the election. The rural-urban divide that has emerged in Ontario politics may be an early warning signal that aspirations for a cleaner energy future may well unravel if cost implications are ignored for much longer.

Grievances raised over health effects of low-frequency noise and visual effects of wind generation represent but one spectrum of opposition. If a wider protest develops around the cost and price impact arising from the existing high feed-in tariffs for solar and wind generation, then the arguments for future job creation may not be compelling enough to turn the tide.

Rather than abandon the path toward a cleaner energy system, injecting a large dose of practical sense in long-term plans for the province may help. The plans should be anchored around a clear understanding and optimization of long-term costs – including social and environmental costs of all energy options – in a way that doesn't shift a large part of the burden onto hapless consumers. The current feed-in tariffs will require major surgery and a lowering of the “virtue premium” if they're to survive a consumer backlash.

Energy policy decisions based on a few key principles may help. Affordability and access to a reliable supply of energy is a bedrock principle. Any major deviation would be a perilous journey into an uncertain future with unintended consequences. In the U.K. recently, we have seen the emergence of a serious debate and pushback over energy price increases that threaten to move middle-income families into an unwelcome category defined as the “energy poor.” Green policy prescriptions are an integral part of the problem. In tough economic times, expect affordability concerns to rise to the top of the political agenda.

To avoid slipping into a dystopian energy future, we need to find a way to develop Ontario's energy system that fosters innovation in new cleaner technologies without losing sight of affordability and cost impact. Since the days of Sir Adam Beck, the twin goals of economic development and job creation have become part of Ontario's success. “Power at cost” was the motto, and served Ontario well. The lesson we seem to have forgotten is that cost matters and long-term sustainability of green energy options won't be achieved without a renewed emphasis on innovation. Finessing policy instruments that simply transfer wealth from one group to another is a recipe for tears.

Why not reset Ontario's energy policy agenda? Ensuring access to a reliable supply of power for consumers, from either local sources or assured imports, to minimize price spikes is one way of moving electricity off the front pages. A strong emphasis on long-term planning will deliver a robust demand/supply balance and avoid price spikes. Continuous investment in a diversified generation mix, including significant proportions of clean and renewable generation, that isn't overly dependent on a single technology or fuel is the other part.

And a final touch: Provide regulatory and policy certainty that comes at no cost but is the critical ingredient required for investor confidence. The path to Ontario's establishing technological leadership requires a broader social consensus with feet on the ground.

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