

June 28, 2018

Doug Ford,
Premier-Elect,
Government of Ontario,
Legislative Building, Queen's Park,
Toronto, ON M7A 1A1

Premier Ford,

Re: Support for Ontario Small Business Owners

The Ontario Geothermal Association (OGA) is happy to join other business associations across the province in congratulating you and the Progressive Conservative Party of Ontario on your recent electoral victory. We are hopeful that this new government will act in the best interests of energy consumers across the province and the small businesses that serve their home comfort needs.

Gaining a majority mandate has certainly created exciting opportunities for the government to make real, positive change for the people of Ontario, but it may also pose some potentially tricky challenges for industry. One of the immediate challenges faced by our industry (and others like ours) has been the abrupt cancellation of the GreenON program of incentives for home energy retrofits.

As a rule, the heating and cooling industry and other construction-related service industries have shown mixed feelings about government intervention in the marketplace. Some interventions are seen as unduly restrictive and burdensome, while others are accepted as necessary for the health and safety of consumers and workers. When programs are introduced that are intended to meet specific government policy objectives (e.g. meeting carbon reduction goals, economic stimulus and job creation), and these goals are properly supported by the public, our industry has demonstrated that it can be a constructive partner to government, provided some reasonable conditions are met, among them:

- Plenty of advance consultation on program measures, qualifying criteria, etc., to ensure programs work well for consumers and businesses alike;
- A decent runway in advance of program introduction to allow businesses to prepare (employee training, product sourcing, marketing, etc.); and
- When the time comes to wind down, a similar runway for industry to prepare and adapt (again in terms of labour force adjustment, product inventory, etc.).

The GreenON program was introduced in December 2017 and rolled out over the following several months. Though industry was consulted in advance, the run-up to launch was very short and the rollout was rather swift, perhaps too swift for everyone's liking, and industry had to move quickly to make the necessary preparations to realize the potential benefits provided by the program. But despite some

initial concerns about way the program was introduced, by mid-June, no fewer than 1,500 contractors registered to participate in this program, including insulation contractors, windows contractors and geothermal and air source heat pump contractors. Collectively, these businesses have booked tens of millions of dollars of planned work. Once rolling, the overall economic activity was expected to be on the order of hundreds of millions of dollars in private sector investment.

By June, our members reported that the program had already stimulated a great deal of consumer interest. As details of the program became clearer and contractors became mobilized, expectations were growing for a boom in home renovation investments, with one of the main benefits for homeowners being a significant reduction in their energy bills. These are benefits that will vanish with the demise of the program.

The businesses registered into the program have also had to invest in specific training and certification courses for their employees to meet with program requirements, at a cost of tens of thousands of dollars per company. On the geothermal program alone, more than 300 industry personnel have been trained, with many hundreds more in waiting. With the cancellation of GreenON programs, many of these contractors will not see a return on their investment. Indeed, layoffs are more likely as market demand softens due to the removal of incentives.

Rather than turn its back on the very positive benefits that this program will bring, the OGA and its supporters urge the Ontario Government to re-think its approach to programs of this type. While originally devised as a means to reduce carbon emissions, the GreenON incentive program is in fact an economic stimulus and job creation program, and a very cost-effective one at that. Recent [research](#) produced by Efficiency Canada and Clean Energy Canada shows that government and utility investments in energy efficiency upgrades to homes and buildings generate substantial *economic benefits*, including energy savings for consumers, growth in GDP, and the creation and support for well-paid, quality jobs in the renovation sector. This research shows that every dollar spent on programs like this generates seven dollars of GDP growth. Good program design is critical to getting this type of return on investment, but industry is prepared to work with government to ensure the full value of the investment is realized.

The OGA is supportive of a government committed to helping small business owners to prosper while ensuring their customers -- the energy ratepayers of the Ontario -- see long-desired relief on their energy bills. Our simple message is that some of the tools to help the new government achieve these goals already exist, and one those tools is the GreenON program of incentives. By all means, tinker with the program -- it could benefit from some tinkering (perhaps even consider re-introducing it as an economic stimulus, job creation program that lowers energy bills) -- but do not terminate a program that was shaping up to provide real benefits to citizens in every part of the province.

Sincerely,



Jim Bolger
Chair