

August 10, 2018

The Honourable Rod Phillips
Minister of Environment, Conservation and Parks
Ministry of Environment, Conservation and Parks
77 Wellesley Street West, 11th Floor, Ferguson Block
Toronto, Ontario
M7A 2T5

Ontario Suffers Without A Carbon Reduction Plan

Dear Minister Phillips,

On behalf of Ontario's 87,000 Professional Engineers, the Ontario Society of Professional Engineers (OSPE) is concerned that Ontario's cancellation of the cap and trade program and withdrawal from the Western Climate Initiative (WCI) without a full costing or alternative carbon reduction plan threatens to significantly harm Ontarians.

On June 29, OSPE issued a letter to Premier Ford communicating our concerns regarding the decision to cancel the GreenON programs—a decision that has negatively impacted job creation and investment in this province.

Ontario's abrupt cancellation of the cap and trade program and withdrawal from the WCI without comprehensive costing or an alternative plan will also prove disruptive and costly to Ontarians—having a far reaching and multi-generational negative impact.

The impact of increased carbon emissions and the elimination of carbon reduction programs will ultimately be felt by homeowners, companies and the government with added healthcare and other costs related to severe weather patterns.

Cleantech companies and affiliates have already felt the impact. Ontario's cleantech and environmental businesses employ 65,000 people and generate \$8B in annual revenue which benefits the province.

Before a final decision is made to withdraw from the WCI, the proposed compensation for eligible participants in the cap and trade program, in addition to potential lawsuits from Quebec and California, should be fully costed.

The cancellation of the cap and trade program and withdrawal from the WCI may also cause a multi-generational loss of trust in Ontario policy and Ontario's reputation for contributing its fair share to solving national and global issues. It also weakens the

incentive to develop a clean economy in Ontario that will be a competitive advantage in the 21st century.

In an effort to pre-empt these risks, OSPE is calling on the provincial government to delay the progression of this legislation until A) a replacement program to reduce carbon emissions is developed and B) Ontario's Financial Accountability Officer is able to complete their review of the costs associated with the cancellation of the cap and trade program and withdrawal from the WCI.

While OSPE acknowledges that your government wishes to develop an environmental strategy that eliminates any price on carbon, reduces carbon emissions and grows the economy, it is important to recognize that any carbon reduction strategy will have direct and indirect economic costs.

However, without programs to decarbonize our economy, these indirect costs will be much higher (i.e., infrastructure replacement costs, disaster recovery costs, increased insurance costs, etc.). These increased costs, which will be ultimately borne by consumers and taxpayers, will be directly attributed to the Government of Ontario's decision to eliminate these programs. For example, home insurance rates are increasing due to increased instances of fires and flooding due to drought, such as those currently occurring in Northern Ontario.

Current modelling and analyses from jurisdictions that have implemented cap and trade systems indicate that it is a pricing model that is an effective and responsible way of reducing carbon emissions without significantly impacting the economy. Moreover, carbon pricing can improve the economy. The Pembina Institute has shown that the four provinces in 2017 with carbon pricing outperformed all other provinces in Canada. Similarly, in the United State, California has the highest GDP growth according to McKinsey & Company.

OSPE remains committed to our offer to establish a dialogue with your government to explore whether there are any alternative strategies to responsibly combat climate change and reduce carbon emissions in Ontario. Under the *Professional Engineers Act*, engineers have a sworn duty to safeguard life, health, property, economic interests, the public welfare, and the environment.

Ontario's professional engineers are experienced at and knowledgeable about reducing carbon emissions in almost every sector of Ontario's economy, including the achievement of significant gains in Ontario's clean electricity system. OSPE is offering to work with your government in an advisory capacity to demonstrate how our province can successfully achieve these objectives.



BEHIND EVERY GREAT ENGINEER.

Ontario's professional engineers are world-class optimizers and problem solvers who understand how to develop efficient systems that most effectively combat climate change while respecting tax dollars, protecting jobs, and growing the economy. OSPE supports decision-makers at all levels of government to advance evidenced-based, technically sound policy recommendations.

We stand ready to work with the new Progressive Conservative government to deliver on your vision of growth, prosperity, and a cleaner environment for the benefit of all Ontarians.

We would welcome the opportunity to discuss these ideas with you at your earliest convenience. To arrange a meeting, please contact advocacy@ospe.on.ca.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Hack".

Jonathan Hack, P.Eng., MBA
President and Chair
Ontario Society of Professional Engineers

A handwritten signature in black ink, appearing to read "Sandro Perruzza".

Sandro Perruzza
Chief Executive Officer
Ontario Society of Professional Engineers

Cc: Doug Ford, Premier, Province of Ontario
Andrea Horwath, Leader of the New Democratic Party of Ontario
John Fraser, Interim Leader of the Ontario Liberal Party
Mike Schreiner, Leader of the Green Party of Ontario
Dr. Dianne Saxe, Environmental Commissioner of Ontario

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