

January 31, 2014

Hon. Bob Chiarelli
Minister of Energy
Hearst Block, 4th Floor
900 Bay St
Toronto, Ontario
M7A2E1

Dear Minister Chiarelli,

Re: Fair, Predictable, Consistent & Transparent Pricing for Energy Recovery from Waste

The Ontario Waste Management Association (OWMA) is writing to you with regards to Ontario's inconsistent approach to rate setting for Energy from Waste (EFW) facilities in the province. For the purposes of this letter, the term EFW refers to any facility that derives energy from waste and includes, but is not limited to, anaerobic digestion, landfill gas utilization, conventional combustion, and emerging thermal conversion technologies such as gasification, and pyrolysis.

The OWMA represents over 300 private sector companies, municipalities and individuals involved in the waste services sector in Ontario. For over 20 years, the OWMA has been an active participant in the development and implementation of waste management regulatory and policy initiatives at all levels of government – federal, provincial and municipal. The OWMA membership has diverse business interests in areas such as landfills, transfer stations, material recycling facilities, organics processing facilities, composting facilities and EFW facilities. OWMA member companies and municipalities manage over 95% of the residential waste stream in the province and over 85% of the industrial, commercial and institutional (IC&I) waste stream.

The OWMA advocates for energy pricing that:

- Is based on outcomes (i.e. predictable base load, low carbon, energy efficiency, diversification), rather than choosing specific technologies;
- Supports the waste management hierarchy;
- Ensures a fair, predictable, and consistent approach for all EFW technologies;
- Is transparent to all participants. .

The Government, like the OWMA, recognizes EFW facilities offer strategic opportunities to address some of the current energy, environmental and economic challenges facing the province. This has been recognized for some EFW facilities in energy policy as part of Ontario's Feed-In-Tariff (FIT) program.

The province currently provides energy pricing to EFW facilities in two distinct ways. Landfill gas and anaerobic digestion facilities receive pricing through the FIT program. Such programs are dealt with in a consistent manner and receive a renewable energy capacity allotment. As a result, these projects benefit from greater predictability and transparency.

Other types of EFW facilities, including conventional combustion and emerging thermal conversion technologies such as, gasification, and pyrolysis, are excluded from the FIT program. The Ministry of Energy currently provides pricing for these technologies through 'ad hoc directives' to the Ontario Power Authority. OWMA is concerned that this process provides insufficient certainty or consistency to support



the development and investment in these types of projects, especially as compared to anaerobic digestion and landfill gas projects under the FIT program. Municipalities and private companies who are the primary developers of these facilities need greater certainty.

Concern also exists with the lack of transparency around how rates are set for individual public and private projects. The lack of transparency and predictability complicates investment decisions for proponents and may lead to unfair competitive advantages that will affect economic development opportunities and may prevent projects from proceeding.

Since the Government has established one form of energy pricing for anaerobic digestion and landfill gas generation, it makes little sense to have a different process for other EFW technologies. The OWMA does not advocate for one technology or another, nor should the Government.

The OWMA submits that EFW facilities, regardless of the technology, should be dealt with in a similar manner as anaerobic digestion and landfill gas facilities and supports developing a policy and pricing framework (FIT or successor program) that is consistent, predictable and transparent. The OWMA and its members would be pleased to work with the government in helping to developing this approach.

If you have any questions, please do not hesitate to contact me.

Yours Truly,

A handwritten signature in blue ink, appearing to read "Robert Cook". The signature is fluid and cursive, with a horizontal line above the name.

Robert Cook
CEO
Ontario Waste Management Association

C.c. Ontario Power Authority
Hon. Jim Bradley, Minister of Environment