

### **Twenty Chambers Across Ontario Call for Deferral in Provincial Cap & Trade Program to prevent jobs, investment from leaving Ontario**

**Chambers cite high costs of program on top of skyrocketing electricity prices as well as a changed policy direction of the United States.**

Newmarket, ON – Today the Newmarket Chamber of Commerce along with 20 chambers across Ontario called for a deferral of the Provincial Government's Cap and Trade program scheduled to be implemented January 1, 2017, citing high costs of the program layered on top of skyrocketing electricity prices, lack of sector by sector economic impact and a change in policy direction in the United States.

In Ontario, since 2004, electricity prices have increased by 383%, from a flat rate of 4.7 cents a kilowatt hour to 18 cents a kilowatt hour at peak times. The introduction of the cap and trade system will add further charges on natural gas, gasoline and diesel fuel that will be keenly felt by every individual and business in Ontario.

Businesses are already struggling under the weight of ever increasing costs and are extremely concerned about the impacts of these additional charges on jobs and the economy. Business leaders are arguing that Ontario has already lost hundreds of millions of investment to other jurisdictions due to high electricity prices and layering on cap and trade will make it much worse.

"The unintended impact of Ontario's cap and trade is to encourage removal of jobs and investment from clean grids like Ontario to much dirtier grids in the U.S. and elsewhere," said Debra Scott, President and CEO of Newmarket Chamber of Commerce.

Despite repeated requests, we still have not received a sector by sector economic impact analysis and given that President Elect Trump and a vast majority of states seem unlikely to participate in the cap and trade program, 20 Chambers across Ontario request that the Ontario government delay the implementation of the cap and trade program for at least one year.

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## Backgrounder

### Auditor General

- The recent Auditor General concerns outlined in her recent report (Chapter 3): [http://www.auditor.on.ca/en/content/annualreports/arreports/en16/v1\\_302en16.pdf](http://www.auditor.on.ca/en/content/annualreports/arreports/en16/v1_302en16.pdf). So me of the report’s main concerns are presented below:
  - The cap-and-trade system will result in only a small portion of the required greenhouse-gas reductions needed to meet Ontario’s 2020 target.
  - Cap and trade is expected to bring higher electricity prices, which may lead people to switch to cheaper natural gas—a fossil fuel that also produces greenhouse gases. Between 2017 and 2020, the Ministry of Environment and Climate Change plans to spend up to \$1.32 billion of cap-and-trade revenues to address this issue. The Action Plan indicates that this will result in 3 Mt (megatonnes) of reductions. However, neither the Ministry nor the provincial agency that oversees Ontario’s electricity system could show how they arrived at the 3-Mt estimate. In addition, the \$1.32 billion is expected to have only a small impact on reducing the expected electricity price increases. **In particular, electricity prices are projected to increase by 14% for businesses and 25% for households; after applying the \$1.32 billion, businesses will still face a 13% increase and households 23%.**
  - No plan for achieving renewable natural gas goal.
  - Climate Change Action Plan commits about \$1 billion to previously approved initiatives: some initiatives were approved years before the Action Plan was created. By including these projects in the Action Plan, the Province has found an alternative way to fund their costs— but will not achieve any additional emissions reductions
  - Under the linked system, Ontario’s cap does not actually control the amount of greenhouse gases that can be emitted in Ontario: Because Ontario has chosen to link with California and Quebec, Ontario may exceed its own emissions cap if Ontario emitters decide to purchase allowances from Quebec or California. The cap on emissions set by the Ontario government consequently does not actually control Ontario emissions.

### **LIST OF PARTICIPATING CHAMBERS**

Ajax Pickering Chamber of Commerce  
Burlington Chamber of Commerce  
Chatham-Kent Chamber of Commerce  
Greater Kitchener Waterloo  
Greater Peterborough Chamber of Commerce  
Greater Sudbury Chamber of Commerce  
Hamilton Chamber of Commerce



Ingersoll Chamber of Commerce  
Kingston Chamber of Commerce  
London Chamber of Commerce  
North Bay Chamber of Commerce  
Northwestern Ontario Associated Chambers of Commerce  
Newmarket Chamber of Commerce  
Sault Ste Marie Chamber of Commerce  
Sarnia Lambton Chamber of Commerce  
St Thomas & District Chamber of Commerce  
Thunder Bay Chamber of Commerce  
Tillsonburg District Chamber of Commerce  
Timmins Chamber of Commerce  
Windsor-Essex Chamber of Commerce

**About Newmarket Chamber of Commerce:**

Newmarket Chamber of Commerce is the voice of business in Newmarket. It represents the interests of over 850 members through: member programs and services, government representation and the development of public policy. Newmarket Chamber of Commerce represents the interests of members through direct contacts with Town and Regional governments. It is represented at the provincial and federal levels by the Ontario Chamber of Commerce and the Canadian Chamber of Commerce