

MEDIA RELEASE

December 9, 2016

**Windsor-Essex Regional and Leamington District Chambers Call for
Deferral in Provincial Cap & Trade Program**

**The cost to the average Ontario greenhouse farmer will be \$80,000 in 2017 and \$220,000 by 2022,
on top of high electricity costs, putting investment and expansion decisions at risk**

Windsor, ON – Today the Windsor-Essex Regional and Leamington District Chambers of Commerce called for a deferral of the Provincial Government's Cap and Trade program scheduled to be implemented January 1, 2017.

The average Ontario greenhouse vegetable farmer with 13 acres is bracing for an \$80,000 hit starting January 1, 2017. This cost is estimated to rise to \$220,000 by 2022 according to representatives from Ontario's greenhouse farming sector. This additional cost is on top of the near doubling of electricity costs over the recent past. These increased costs will have a direct impact on the cost of local food.

Since 2004, electricity prices have increased dramatically by 383%, from a flat rate of 4.7 cents a kilowatt hour to 18 cents a kilowatt hour at peak times, according to a joint report from the Windsor-Essex Regional and Ontario chambers of Commerce titled *Fertile Ground: Growing the Competitiveness of the Agri-food Sector*.

The accumulation of these costs makes it increasingly difficult for growers to compete with neighbouring jurisdictions that do not have cap and trade in place, such as Ohio.

The result is two-fold: loss of investment to competing jurisdictions that do not have cap and trade and reduced food security as local food costs rise.

"We have already lost hundreds of millions of investment to other jurisdictions like Ohio due to high electricity prices, layering on cap and trade will no doubt make it much worse," said Matt Marchand, President & CEO, Windsor-Essex Regional Chamber of Commerce.

"The only way of ensuring local prosperity is making us competitive with the rest of North America. Our region has already seen economic adversity and deferring cap and trade would allow us to continue our road to recovery with the agrifood sector," said Wendy Parsons, General Manager, Leamington District Chamber of Commerce.

While the provincial government has attempted to stem some of this loss, referred to as carbon leakage, through the allocation of free allowances to trade exposed sectors, this option is only available to larger operations with emissions above 10,000 tonnes of carbon dioxide per year. This creates a disparity within Ontario's greenhouse farmers where small to medium sized operations are at a competitive disadvantage as compared to larger operations (*see backgrounder for illustration).

Ontario's greenhouse farmers are acutely aware of the need to transition to a low carbon economy and have already felt the impacts of a changing climate. Growers have invested heavily in innovative technologies to reduce energy use and increase productivity. However, the

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move to renewable, low-carbon energy will require a fundamental shift in the way energy is managed on-farm.

Without a clear transition pathway that allows for this evolution without fear of financial penalty, further loss of investment south of the border will be assured. Given the results of the recent U.S. election, the future of carbon pricing in the U.S. seems uncertain and places Ontario growers at a distinct competitive disadvantage. To this end:

The Windsor-Essex Regional and Leamington District Chambers and Ontario's greenhouse farmers request that the Ontario government delay the implementation of the cap and trade program for at least one year until the full impacts of the US election result can be assessed.

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Ontario greenhouse vegetable backgrounder:

In 2015 Ontario's greenhouse vegetable farmers contributed over \$1.4 billion dollars to the Ontario economy and supported over 10,000 jobs, many right here in south-western Ontario. The sector has shown consistent growth over the past two decades and in the past 5 years has invested over \$550 million in expansion, comprised almost entirely from domestic sources. The sector is poised to continue this trend and could grow by another 750 acres over the next 5 years if the investment climate was supportive. This expansion would result in an additional contribution of \$425 million to the Ontario economy annually and result in an additional 2200 direct jobs.

*To illustrate this point, an operator that emits 9,999 tonnes of carbon dioxide as compared to one that emits 10,000 tonnes will bear an additional \$180,000 in carbon related pricing in the first year of the program. While larger operations will bear increasing costs as the program proceeds, the initial sticker shock of the program may drive some small operations out of business and cause mid-sized farms to consider expansion in other jurisdictions. Over the past three years \$220 million of direct greenhouse construction investment has been made across the border by Ontario-based greenhouse operators citing energy related concerns as their primary driver.