



# NEWS RELEASE

## Energy conservation programs in Ontario may cost much more than they're worth

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For Immediate Release

**TORONTO**—Ontario taxpayers and ratepayers have doled out billions of dollars in energy conservation subsidies over the decades with no verifiable evidence that conservation programs actually save consumers money, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

*Demand-Side Mismanagement: How Conservation Became Waste* examines energy conservation programs in Ontario such as smart metering, home retrofit rebates for insulation, caulking, etc., and subsidies for consumers who purchase energy-efficient appliances.

“Queen’s Park is betting heavily that conservation programs will effectively and cheaply manage power needs in the coming decades, yet the plans for these programs rely on unsubstantiated and overly optimistic claims,” said Ross McKittrick, professor of economics at the University of Guelph and study co-author.

For example, in 2013, the Ontario Power Authority (OPA) spent almost \$400 million on conservation and closely related programs, in addition to federal, provincial and municipal programs such as the City of Toronto’s Home Energy Loan Program.

Furthermore, \$3.1 billion has been earmarked for these OPA programs (now transferred to the Independent Electricity System Operator) over the period 2015 to 2020.

But do these programs really save consumers money? Do they conserve energy?

While independent Ontario program data is scarce, studies from the United States suggest that conservation program costs are often understated and far outweigh the benefits.

For example, a 2015 Berkeley University Study found that the U.S Weatherization Assistance Program—a home retrofit program—predicted 2.5 times more energy savings than were actually realized. Moreover, the cost of the program per household was about twice the value of the energy savings.

In other words, the program cost two dollars for every dollar saved in energy—even after accounting for the value of reduced air pollution emissions.

“Based on the experiences on other jurisdictions, electricity conservation programs in Ontario are likely a waste of resources,” said study co-author Tom Adams.

“In light of the billions of taxpayer dollars being spent on these programs, and the government’s poor track record of estimating cost and energy savings, there’s a serious need for comprehensive and objective information about the costs and benefits of energy conservation programs in Ontario,” McKittrick said.

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**MEDIA CONTACT / STUDY CO-AUTHOR**  
Dr. Ross McKittrick  
Professor of Economics, University of Guelph

For interviews with Dr. McKittrick, please contact:  
Aanand Radia  
Media Relations Specialist, Fraser Institute  
 [\(416\) 363-6575 ext. 238](tel:(416)363-6575)  
[aanand.radia@fraserinstitute.org](mailto:aanand.radia@fraserinstitute.org)

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For further information, contact:  
Aanand Radia, Media Relations Specialist, Fraser Institute  
Tel: (416) 363-6575 Ext. 238  
E-mail: [aanand.radia@fraserinstitute.org](mailto:aanand.radia@fraserinstitute.org)