

[Transcript] Todd Smith on CJBQ 800 Belleville Radio - March 10, 2017

From: Swaraj Mann <smann@liberal.ola.org>
To: "Beaudry, Jennifer (OPO)" <jennifer.beaudry2@ontario.ca>, "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>, "Forgione, Andrew (OPO)" <andrew.forgione@ontario.ca>, Andrew Rudyk <arudyk@liberal.ola.org>, cbanas@liberal.ola.org, "Codd-Downey, Beckie (GHLO)" <beckie.codd-downey@ontario.ca>, "McPhail, Blane (OPO)" <blane.mcphail@ontario.ca>, "Bossin, Bryan (OPO)" <bryan.bossin@ontario.ca>, "Foerster, Carly (OPO)" <carly.foerster@ontario.ca>, "Walsh, Chad (OPO)" <chad.walsh@ontario.ca>, "McEachern, Gillian (OPO)" <gillian.mceachern@ontario.ca>, jgomez@liberal.ola.org, "Lazarus, Jordan (OPO)" <jordan.lazarus@ontario.ca>, "Moseley-Williams, Kate (OPO)" <kate.moseley-williams2@ontario.ca>, "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>, "Richardson, Kyle (OCOC/GHLO)" <kyle.richardson@ontario.ca>, Swaraj Mann <smann@liberal.ola.org>, "Rowe, Mary (OPO)" <mary.rowe@ontario.ca>, "McIntyre, Moira (OPO)" <moira.mcintyre3@ontario.ca>, Fleur Nouvelot <fnouvelot@liberal.ola.org>, "Appave, Priscilla (OPO)" <priscilla.appave2@ontario.ca>, "MacKenzie, Rebecca (OPO)" <rebecca.mackenzie@ontario.ca>, "Ahluwalia, Ron (GHLO)" <ron.ahluwalia@ontario.ca>, "Le Guern, Ronan (OPO)" <ronan.leguern@ontario.ca>, Joseph Uranowski <juranowski@liberal.ola.org>
Cc: "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>, "Ingram, Kelsey (MOF)" <kelsey.ingram@ontario.ca>, "Mullock, David (MOECC)" <david.mullock@ontario.ca>, "Moore, Brynne (MOF)" <brynne.moore@ontario.ca>, "Prins, Sebastian (TBS)" <sebastian.prins@ontario.ca>
Date: Fri, 10 Mar 2017 14:34:56 -0500
Attachments: 03 -- March 10, 2017 - Todd Smith on CJBQ 800 Belleville Radio.docx (34.45 kB)

TRANSCRIPT – Todd Smith on CJBQ 800 Belleville Radio – March 10, 2017

MPP: Todd Smith

Host: Lorne Brooker (CJBQ 800 Belleville)

[START TRANSCRIPT]

Host: We put a call into Premier Wynne's office to come in on and explain this hydro plan—not even a response, that's how important we are here on the show. But one person who will get any kind of media attention they can find, is our member of provincial parliament for Prince Edwards—Hastings. He's also the critic for energy for the Conservative party. He joins us on the line. Todd 'Smitty' Smith—good morning.

Smith:

- Good morning, it's the media that finds me—I don't find them

Host: Yeah, yeah, yeah sure—

Smith:

- But I'm—I always want to make time for you, Lorne

· *laughter*

Host: That's, that's not true. But I appreciate the time this morning. So we knew for a long time, Todd, that the Premier and the Liberal government was going to come through with some sort of idea or plan to help save hydro because—as we know—earlier this year, Premier Wynne announced that she has finally heard the people of Ontario. So tell us—before you get into your partisan rant—tell us a little bit about the details of this plan.

Smith:

- Well, it's, it's, it's, it's an expensive plan but what essentially it's going to do—and, and it's a bit misleading as well because it says you're going to save 25 percent on your electricity bill, 8 of that is what was announced on January 1st of this year or already came into effect on January 1st of this year, which is the provincial portion of the HST being removed, not from your entire bill, but from the actual amount of electricity that you use, so the cost of electricity is being reduced by 8 percent, so that's, that's the first part
- So really what we're talking about, if you take that out of the equation, which has already been taken off your bills, another 17 percent that the government is trying to find in other areas
- But instead of actually trying to find ways to reduce the cost of generating electricity, they decided that they were just going to refinance most of the global adjustment part of the bill, which is a very complicated thing for, for many people to, to understand, but basically what it is, is the cost of generation—moving it to a refinancing entity that they've created at the Ontario Power Generation
- So, in other words, what they're doing is creating more debt and, and that's where the expensive part comes in, Lorne, because by refinancing that portion of the global adjustment over 10 years, it's going to accumulate 25 billion dollars—with a B, 25 billion dollars—in interest over 30 years
- So what they have essentially done is taken the price of electricity now, reduced it by 17 percent and we're eventually going to have to pay for it on our electricity bills, but not until 4 years from now
- And over 30 years we'll accumulate 25 billion dollars in interest to save the Liberals' bacon today

Host: You know, but quite frankly this sounds like the exact same thing that the Harris government did all those years ago by freezing hydro rates and, and, and guess what—we're paying for it today. So, again, it's another situation of robbing Peter to pay Paul—or is it robbing Paul to pay Peter—or it's really robbing Mr. and Mrs. Ontario to pay for electricity.

Smith:

- Yeah, it, it, it, it wasn't Harris—I think it was Eves, actually, but—

Host: Oh, sorry.

Smith:

- --it was, it was back in—

Host: Oh they all look the same in the stiff suits!

Smith:

- --2003 where, where, where something like this did happen in the past
- There's—but, but, but this is, this is just so blatantly obvious, I think, what's happening here
- And before we get into that, there are a couple of other good things, I think, from

what they announced last week

- And that is moving some of the relief programs over to the actual tax base from the bill—from the electricity customer's bill
- I mean, Premier Wynne and Premier McGuinty all along were saying that this was more about a social program than it was about the cost of electricity, so why should electricity customers be paying for things like the, the Energy Ontario Support Program—sorry, I got that backwards, Ontario Energy Support Program, the OESP
- So what they've done is they've taken that off the customer's bill and moved it to the general tax base
- So, I mean, the ratepayer, the electricity customer, and the taxpayer of Ontario are the same person—I mean, you're going to have to pay either way—but it's just going to be spread over all Ontarians, instead of just the, the electricity customer

Host: This is, you know, sometimes we get mired in politics, Todd, when it comes to the way province—the province—is run. Actually, all the time we get mired in politics. But this is one of those things that have gone kind of beyond that where this is not a thing where, you know, your tax rate has gone up a quarter percent or something like that or there's now a new fee to do this or that. This is a real-life issue for people in your riding and our listening area—people who are listening right now, especially north of the city, are really dealing with horrendous costs when it comes to, to energy. So this was an emergency, this wasn't something that had to be, well, thought out and done. This, this is an emergency reaction to an emergent situation for a whole bunch of Ontarians.

Smith:

- Yeah, no question
- And, and I think most people who are hearing about this are saying, “yeah, well, a 25 percent”—or 17 percent or whatever you want to call it—“off my hydro bill is, is a welcome start”, but the fact of the matter is for a lot of people their electricity bills have gone up 400 percent over the last 5 years and, and especially in, in remote parts of rural Ontario and Northern Ontario
- So this is paltry but it's very, very expensive for the government to do it this way to just basically add 25 billion dollars in interest costs for a very short-term relief
- It doesn't actually address the problem as to why electricity is rising as fast as it is

Host: OK, so you're, you're, you're, you're the energy critics [sic], Todd.

Smith:

- Yup!

Host: So let's assume the tables are turned—an election was held 4 weeks ago. You are now the government and, and Patrick Brown made you the Minister of Energy. What the heck do you do today that would be different than what the Liberals would do today?

Smith:

- What they're not doing is address the rising cost of electricity
- So we can't say exactly what we would do because there's no transparency in the system
- But what we have been saying we would do is look at those contracts for providing electricity to the province that we currently can't see, find out if there's off ramps for us to get out of those contracts at little or no cost to taxpayers in the province
- That's going to reduce the cost of electricity over the long run—

Host: In theory, if, in theory, if those exist. Right? If those off ramps exist? If they don't—

Smith:

- Well, yes—

Host: If they don't, then they don't. So what happens—

Smith:

- No, exactly

Host: --what happens, Todd, if there's nothing you can do?

Smith:

- Well, I think, I think the thing is, Lorne, that the only one of these renewable contracts that we've ever seen—and the only reason we ever saw it was because of the gas plant scandal that consumed Queen's Park back in 2011-2012—we actually got our hands on the Samsung deal, which was that sweetheart sole-sourced deal that, you know, wasn't a procurement process, it was handed to Samsung
- It was a multi-billion dollar deal and when we saw that contract—because we actually could see it with our own eyes—there were a number of different off-ramps there because Samsung hadn't met the obligations in the contract
- So if that was the template that they were using for all of these multi-billion dollar deals that they signed with these companies without going through a proper tendering or procurement process, then hopefully there are other avenues that the Ontario government can take to get out of these contracts, because they're producing electricity that we don't need
- And I think that's, that's the thing that's so upsetting about this, is that renewable energy is going to continue to play a part in Ontario's energy mix
- And I think all of us agree that technology is improving all of the time—whether it's solar panels or even wind turbines—because storage is being created by Musk and all these other companies to harness that electricity that's created through the windmills
- But the problem is, is that the government went through this process, handed government contracts for billions of dollars to produce electricity to companies—and now people hate the renewable energy sector because of that
- It's not the renewable energy sector's fault the government just handed over the keys to the vault and said "here, take whatever you want", essentially and that's what's driving up the cost of electricity in the province
- And they're still unwilling to do what's necessary to try to fix that issue, they're just moving the whole price tag over to all Ontarians to pay

Host: Well but correct me if I'm wrong but I thought the Liberal government cancelled any new green energy projects?

Smith:

- No, actually they continued last Friday to move on to the next phase
- They cancelled what they called, no, I, and they didn't cancel it either, they put a moratorium on LRP2 which was one of the future phases of renewable energy projects
- And that wasn't supposed to start to be built until 2020 anyway
- They're continuing to move through the process now
- Actually FIT 5 which is the feed-in-tariff program and the FIT phase of that moved through the next phase last Friday
- So another 1100 companies bid on 165,000 megawatts of power last week

- And, so, so they're still continuing to go through the process
- And they're still putting these contracts on the grid
- I mean, just look south of us in Price Edward County WPD, the White Pines Development project, a 29 turbine project, is still in the queue
- It's before the courts, the government hasn't cancelled that project
- That's going to eventually come on the grid and there are hundreds of those across the province that are still in the queue, still, going to be built according to, ugh, the government's announcement last week that they're unwilling to do anything with these contracts

Host: Let's get back to some more simple, simpler topics that everybody can understand when it comes to hydro. One of the things on our bill is time of use which has obviously been a complete and utter failure. Because the cost of time, time of use has gone up to such an unreasonable amount. There's a fairly significant portion of the province whose smart meters quote unquote don't work. Are those some of the things that you would change? Would you get rid of time of use if you were the government in charge?

Smith:

- I'm not going to announce what our policy is
- But I mean I understand the frustration between, you know the lady who wants to do her, her electricity on a Tuesday afternoon but can't because the price to do it at that time is 18 kilowatt hou—18 cents per kilowatt hour, as opposed to 11 cents per kilowatt hour
- That's the other unfortunate thing that's happened as a result of the skyward riding cost of electricity, is that time of use rates has gone up considerably as well
- There used to be actually some disparity between the peak time and, and the overnight time
- There still is a gap there but it, it, it's still extremely expensive for you to do your laundry whenever you do it because the, the, the, the, the rates have gone up over the last while
- Time of use is frustrating for businesses as well, I mean, if you're a breakfast business—Northway for instance, Northway restaurant
- You, you kind of have to cook the eggs, fry the eggs at 7 o'clock in the morning, 8 o'clock in the morning, when people want their breakfast
- If you're a pizza shop you can't make pizza at 4 o'clock in the morning and then serve it at noon or, or, or for supper
- If you—the time of use just doesn't work so I think there needs to be some flexibility there

Host: Let's talk a little bit about you know what a lot—some people are saying in 2018 there will be a, a, a provincial election. Things aren't looking good at this point anyways for the, the Wynne government for re-election. However, you know, a month is a year in politics. So this is one of the first kind of plums that are going to be rolled out to appease people. Is a 17 percent or 25 percent overall or whatever on their hydro bills, in your opinion, enough to put a little shake in your boots as a, a member of the opposition who wants to be a member of the government?

Smith:

- I think the answer is no and, and, and the reason is, is, you know, it's 17 percent, let's call it what it is and the electricity bills have gone up 400 percent in many cases
- If you're a business they've gone up more than that and so I, I think while it's nice that there is some relief on the way keep in mind who created uh this problem in the first place
- You know it's, it's, it's, it's, it's too little too late for one thing, I think
- Because I think a lot of people are seeing through it and that's probably why the Premier hasn't

returned your call because she just spent 50 billion dollars of taxpayers money and you would think that she would want to talk about it because it's a positive thing but the reaction over the last week to her plan has been very negative because I think people see it as pure politics and not dealing with the problems

Host: I think honestly with all respect to you—there is no dealing with this problem. It's like what is it?—let's, let's keep to the energy thing when a reactor goes into when it starts to go, is it uncontrollable fission or [fishing] or whatever it is and you can't stop it right? This is how I feel this energy thing is, I think most people in, in Ontario feel that it's gotten to a point now where it's impossible to rein-in and, and we—I don't think there's a simple solution. The simple solution—

Smith:

- There's no—you're right about that
- There is no simple solution
- I mean we now have a vast oversupply of electricity in the province and, and we have a lack of demand in the province
- Businesses have left the province that are using power and that's why this whole global adjustment conversation is probably the most important conversation when it comes to electricity
- Yet we continue to oversupply, add new supply to the grid, Lorne, and it just doesn't make any sense
- All the businesses—not all the businesses but, you know, many, many businesses have left Ontario, usage is down, people have gone to other sources because they're cheaper, whether it's natural gas or propane or, or others, other forms of biomass, other forms of electricity
- They're getting off the grid and putting it in co-gen plants to distribute power themselves to run their own businesses
- So, I mean, it, it, it's because of the mistakes that have been made as a result of the Green Energy Act, particularly over the last 8 years or so that have caused electricity prices to soar and it's going to be a very, very difficult mess to unwind
- If we don't have our eyes on the actual contracts and able to see what's happening with these contracts and with these companies, if there are ways to renegotiate for a lower cost over a longer period of time
- But then technology comes into play again, Lorne, I mean everybody's out there and, and creating new forms of electricity
- I had a meeting last evening in my office with a company from Europe that's developing small little nuclear facilities

*Host: *laughter* not a good idea. That is a bad idea!*

Smith:

- *crosstalk* But this is the kind of, this is the kind of technology that's, that's coming along
- I mean, if you're a mine in Timmins and you need a reliable electricity you're going to go to whatever is the cheapest and most reliable—

Host: Sure.

Smith:

- --form of electricity whether it be you know something like that or something like a

- battery that Musk or one of those companies is developing
- I had a meeting with BYD the other day which is a huge, huge Chinese company that you never hear about in North America, but they're, they're moving into the North America market there
- They're the largest producer of electric buses and delivery vehicles, they make nice cars too and these big two megawatt batteries
- So the technology is just moving ahead so fast and what happened last week was the Premier basically tied our hands on that technology by extending the length of the current electricity generation contracts over a 30-year period
- Imagine how much is going to change in the technology that we have at our finger tips over the next 30 years.

Host: Got to ask you – you've been the energy critic – just before we let you go. You've been the energy critic for what a month—something like that. And so before you took on this role, you would get some good talking points about energy and, and you'd come on and complain about it—what's going on. But now that you're in it, is there anything that stands out that you, you were shocked or impressed about?

Smith:

- Yeah, you know what, and, and, you know, this is the most shocking thing because I now have a lot of people coming to me that have been involved in the electricity sector in Ontario for years and years and years and they know all of the history
- But what is the most shocking thing to me is despite all of the warnings flags that have gone up on this file about how, you know, we have to very careful with this you can't play politics with the electricity file
- Just how blatant Dalton McGuinty and George Smitherman were in, in manipulating how electricity was produced in Ontario to benefit the renewable energy sector
- And, you know, and I meet with all of these different people that had huge roles in Ontario Hydro or Ontario Power Generation and they just say in spite of all of the warnings—and people from the IPO and all of these different agencies said you're going to create chaos if you do this
- You know, Smitherman said it's going to result in a 1 percent rise in your [electricity] bill every month and we certainly know it's been, it's been far more than that but the, the writing was on the wall back then—the warnings were there and they just ignored it
- And, and I think that's most mindboggling to me is how can move in a direction like this that's caused such chaos for business in our community and such heartache for customers in our community, electricity customers in our province, for, for something that you had all of the evidence that you shouldn't go down that road, yet you went down that road anyway
- It was almost like a kamikaze mission

Host: And imagine, and imagine why the general public hates politicians—I, I have no idea. I don't, I don't

Smith:

- That's very—it's very frustrating—

Host: Yeah, well, I mean it is, it is very frustrating. That's maybe the best way to end the interview today. Todd, as always, I appreciate the time you take with us to explain things and you weren't as partisan today—well, you were pretty partisan—

Smith:

- *crosstalk* I, I try not to be but it's hard especially on this file *laugh*

Host: Well, I think the entire province is pissed off, so there you go.

[END TRANSCRIPT]