

Evening Media Scan - Hydro Rate Reduction - August 11, 2017

From: Electronic Media <cab.amedia@ontario.ca>
To: "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>, "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>, "McEachern, Gillian (OPO)" <gillian.mceachern@ontario.ca>, "Donelson, Philip (OPO)" <philip.donelson@ontario.ca>, "Bossin, Bryan (OPO)" <bryan.bossin@ontario.ca>, "Tomney, Genevieve (OPO)" <genevieve.tomney@ontario.ca>, "Jancik, Mike (OPO)" <mike.jancik@ontario.ca>, "@CAB-Trans CO" <cab-transco@msgov.gov.on.ca>, "Baker, Carys (ENERGY)" <carys.baker@ontario.ca>, "Berry, James (ENERGY)" <james.berry5@ontario.ca>, "Bodrug, Andrew (ENERGY)" <andrew.bodrug@ontario.ca>, "Campbell, David (ENERGY)" <david.campbell2@ontario.ca>, "Coker, Meaghan (ENERGY)" <meaghan.coker@ontario.ca>, "Den Heijer, Kevin (ENERGY)" <kevin.denheijer@ontario.ca>, "Esdaile, Trevor (ENERGY)" <trevor.esdaile@ontario.ca>, "Festeryga, Katherine (ENERGY)" <katherine.festeryga@ontario.ca>, "McGrath, Jessica (ENERGY)" <jessica.mcgrath@ontario.ca>, "Moseley-Williams, Kate (ENERGY)" <kate.moseley-williams@ontario.ca>, "Nekolaichuk, Colin (ENERGY)" <colin.nekolaichuk@ontario.ca>, "Olsheski, Mark (ENERGY)" <mark.olsheski@ontario.ca>, "Ramasra, Raynier (ENERGY)" <raynier.ramasra@ontario.ca>, "Ruttan, Craig (ENERGY)" <craig.ruttan@ontario.ca>, "Teliszewsky, Andrew (ENERGY)" <andrew.teliszewsky@ontario.ca>, "Thompson, Rachel (ENERGY)" <rachel.thompson@ontario.ca>, "Tresise, Landon (ENERGY)" <landon.tresise@ontario.ca>, "Tretiakov, Ilia (ENERGY)" <ilia.tretiakov@ontario.ca>, "Hansen, Alice (ENERGY)" <alice.hansen@ontario.ca>, "An, Derrick (OPO)" <derrick.an@ontario.ca>, "Leisk, Madison (OPO)" <madison.leisk@ontario.ca>, "Porter, Maddy (OPO)" <maddy.porter@ontario.ca>
Cc: "Sumi, Craig (CAB)" <craig.sumi@ontario.ca>, "Di Giovanni, Robert (CAB)" <robert.digiovanni@ontario.ca>, "Law, Sally (CAB)" <sally.law@ontario.ca>, "Stinson, Jeffrey (CAB)" <jeffrey.stinson@ontario.ca>, "Ma, Cesue (CAB)" <cesue.ma@ontario.ca>, Electronic Media <cab.amedia@ontario.ca>, "Selvadasan, Assumpta (CAB)" <assumpta.selvadasan2@ontario.ca>
Date: Fri, 11 Aug 2017 19:41:55 -0400
Attachments: 20170811 - Media Scan - Hydro Rate Reduction (Evening).doc (88.06 kB)

Evening Media Scan: August 11, 2017

MEDIA SCAN: HYDRO RATE REDUCTION PLAN

August 11, 2017

Click links below to view article:

[Online Coverage. 2](#)

[Toronto Star: The truth about hydro in Ontario: a fact check. 2](#)

[Niagara This Week: NOTL Hydro: Give Ontario Energy Board its independence. 8](#)

[TV Transcripts. 10](#)

[None. 10](#)

Online Coverage

Toronto Star: The truth about hydro in Ontario: a fact check
thestar.com

Fri Aug 11 2017

Section: News | Toronto Star

Byline: Robert BenzieRob Ferguson Kristin Rushowy

It's a hot topic when it's hot outside; it's a hot topic when it's cold outside.

Ontarians love to complain about their hydro bills.

But are ratepayers in Canada's most populous province really getting ripped off?

And, if so, who or what is to blame for that?

Here are some answers to questions that have long perplexed and vexed consumers:

How did we get to where we are today? In 2003, when the Liberals took power, we were dealing with brown-outs because there wasn't enough power. Now we have too much. What happened?

The government undertook major upgrades to improve and modernize the electricity system, making it more reliable(www.thestar.com), adding generating plants and transmission lines to keep the lights and air conditioners on. Later in the decade, there was a push toward green energy as a way to create manufacturing jobs here in solar panels and wind turbines given forecasts that electricity demand would keep rising rapidly. But along came the 2008-09 global recession, and demand forecasts proved too high as manufacturing trailed off. However, lucrative contracts to green energy producers were already in place. The government has since cancelled some(www.thestar.com), but others keep coming on stream because contracts were signed.

Is electricity more expensive in Ontario than in neighbouring provinces and states?

More expensive than some, not as high as others. According to a 2016 Hydro Quebec survey(www.hydroquebec.com), average electricity prices for residential customers per kilowatt hour in selected major North American cities in April 2016 were (not including taxes, all figures in Canadian dollars.):

Adjusting for the most recent rate cuts in Ontario, the Ministry of Energy calculates that Ontario now averages 14.12 cents per kilowatt hour for residential customers, higher than the Canadian average of 12.84 cents.

One kilowatt hour of electricity is enough to power an LED television for 10 episodes of a typical program.

What's the deal with Premier Kathleen Wynne's claim that hydro bills have gone down 25 per cent this year?

In response to complaints that electricity costs were too high, the province began instantly rebating the 8 per cent provincial portion of the HST on electricity Jan. 1. That was followed by another 17 per cent reduction(www.thestar.com) in electricity costs, for most ratepayers, by July 1 as the government decided to do two things: First, costs of hydro subsidies for the poor, and for rural and remote residents

who pay high delivery fees, were switched from hydro bills to the broader tax base of all Ontarians; second, the cost of billions of dollars in hydro system improvements from the last decade is being spread over the next 30 years.

How much will I save?

The government says the average monthly household bill will drop(www.thestar.com)) \$41 to \$121 this summer.

How can the province afford that?

The government plans to borrow(www.thestar.com)) billions and make hydro ratepayers foot the bill in the long run. Wynne has compared it to extending a mortgage on a house to enjoy better cash flow with lower payments now. The additional debt interest will cost \$25 billion over the next 30 years.

Opposition parties say the Liberal plan doesn't fix underlying problems that have made electricity expensive and simply borrows money to spread the costs over a longer period of time.

Wynne argues it's reasonable to do that because the hydro system improvements will benefit coming generations of Ontarians, making it unfair to force consumers to pay the full costs now.

What's the long-term cost of subsidizing electricity?

In May, the province's financial accountability officer (FAO) warned(www.thestar.com)) the hydro rate cut will cost the province in the long run - some \$21 billion over the next 30 years. The FAO also warned that if the province is unable to produce a balanced budget at any time over the next 29 years, the cost of the cut could actually balloon to as much as \$93 million because the government would have to borrow to pay for it.

And while electricity costs will be lower over the next decade, they will be slightly more expensive after 2027.

What are all those charges on our hydro bills?

The electricity charge, which is simply for the amount of power used in your household.

Delivery charge, or the cost of getting the electricity into your home. It is based on how many customers are in a particular area and how far it is from generating stations. Residents of Toronto and other cities generally enjoy much cheaper delivery costs than people in remote or rural areas.

Regulatory charges are a smaller portion of the bill. They are to cover the costs of administering the wholesale electricity system, to maintain the reliability of the provincial grid and to fund energy conservation efforts.

The HST or harmonized sales tax of 13 per cent, of which the 8 per cent provincial portion is now instantly rebated on bills. The other 5 per cent goes to the federal government.

Customers who are not on time-of-use rates will see a separate "global adjustment" charge on their bills. While that is included in time-of-use rates, it is listed separately for residential and other customers who have signed retail contracts for their electricity.

(The global adjustment(www.thestar.com)), in place since 2005, is the cost of paying for electricity that is produced from non-market agreements, including contracts with private generators, the regulated output of Ontario Power Generation and from other arrangements, such as renewable power contracts. Those sources now make up the vast bulk(www.thestar.com)) of Ontario's power supply.)

For more tips on how to read your hydro bill, the Ontario Energy Board has an explanation(www.oeb.ca)) on its website.

Where does Ontario get its electricity?

The vast majority of the province's electrical generation - 61 per cent per cent last year - is produced at nuclear reactors at Bruce(www.thestar.com)), Darlington and Pickering. Only about a quarter - 24 per cent - actually comes from "hydro," meaning it is generated from hydroelectric generating stations such as

Niagara Falls, where fast-moving water flows over turbines that generate power. Another 9 per cent is from plants fuelled by natural gas or oil and 6 per cent is from wind and less than 1 per cent each from solar and biofuels.

How much electricity does this province use in winter versus summer?

The winter record of 24,979 megawatts was set Dec. 20, 2004. But more power is used in the summer due to air conditioning. The highest use in Ontario history was during a heat wave on Aug. 1, 2006 when the load demand(www.thestar.com)) was 27,005 megawatts. Put in context, Ontario now has an installed generation capacity of 36,130 megawatts, according to the Independent Electricity System Operator's latest figures. That means there is a surplus of power and the risk of blackouts and brownouts is lower, though those can still occur in extreme weather conditions or if there are technical problems.

If nuclear power is so efficient, why don't we just build more reactors?

There are few more expensive things in the world than nuclear reactors. Building new nukes is costly and time-consuming while refurbishing old stations is also financially daunting. That's because nuclear projects are almost always plagued by cost overruns caused by lengthy environmental assessments and engineering hurdles. And once they are built, getting rid of radioactive(www.thestar.com)) waste is challenging. Currently, Ontario Power Generation is undertaking a 10-year \$12.8 billion refurbishment of the Darlington nuclear station just east of Oshawa.

Why do ratepayers bankroll "green energy producers" with long-term contracts to purchase wind and solar power for more than the market price?

In 2009, former Liberal premier Dalton McGuinty(www.thestar.com)) announced a sweeping green energy strategy, including the feed-in tariff (FIT) that would pay companies and individuals a premium for generating clean electricity. It was an economic development tool to encourage manufacturers to build wind turbines and solar panels here in Ontario. To create a market for such equipment, the government encouraged farmers and others in rural Ontario to install wind turbines by guaranteeing them a fixed price over 20 years for the power they generate. That's why there are so many turbines and solar panels in the countryside.

Why did the Liberals sell off the majority share in Hydro One and will privatization increase electricity bills?

Over the past year or so, Wynne's government has sold(www.thestar.com)) more than 51 per cent of the provincial transmission utility, making some \$9 billion - \$5 billion to pay off Hydro One's debt and \$4 billion to bankroll transportation infrastructure such as public transit, roads and bridges. Critics charge the sell-off was so the Liberals could balance the books before the 2018 election.

But Hydro One(www.thestar.com)) cannot unilaterally increase electricity rates. Those are set by the independent Ontario Energy Board and, like all private and public utilities, Hydro One needs the board's permission to hike rates.

Still, both the Tories and the New Democrats insist privatization will lead to higher costs while the Liberals claim the company could be better run and actually save ratepayers money.

Just how unhappy were Ontarians with their hydro bills?

Before Hydro One was privatized, Ontario's ombudsman(www.thestar.com)) was looking into 10,500 complaints about billing errors, including some cases where Hydro One had mistakenly gone into customers' bank accounts and withdrawn thousands of dollars. As well, a new computer system meant about 100,000 customers received no bills over several months, while others got "estimates" which meant many were faced with huge makeup payments when actual usage was calculated. Then customers were threatened with losing power, even in the winter.

Faced with mounting criticism, the Liberal government in February quickly enacted a bill to outlaw winter disconnections across the province.

The ombudsman's office lost the authority to handle consumer complaints once it was no longer 100 per cent publicly owned. Complaints are now handled internally by Hydro One.

How efficient is Ontario's hydro system?

In 2015, auditor general Bonnie Lysyk(www.thestar.com)) said consumers were being hit with billions of extra dollars in costs because of overpriced green energy, poor government planning and substandard service from Hydro One. Her value-for-money audit estimated that from 2006 to 2014, Ontarians paid \$37 billion more than necessary, a figure that would balloon to \$133 billion by 2032.

"Hydro One's customers have a power system for which reliability appears to be worsening while costs are increasing," Lysyk said at the time.

Her analysis did not take into account the health benefits and savings as a result of phasing out cheaper, dirty coal-fuelled generation. Smog warnings and smog days are now rare.

Isn't there a lawsuit aimed at stopping the sale of Hydro One shares?

Yes. The Canadian Union of Public Employees has filed(www.thestar.com)) a \$1.1 million civil suit in Ontario Superior Court of Justice, which held a hearing in June to hash out arguments from the union and the government as to whether the case should proceed. The government - which has already sold all the intended shares in Hydro One - has asked for the suit to be dismissed, calling it a political stunt. The union alleges the government "knowingly structured" the sale to reward investors and the Ontario Liberal Party through fundraising with investment bankers. Ontario's integrity commissioner has ruled there was no wrongdoing with the fundraising events. The judge in the lawsuit has reserved his decision as to whether it should go ahead.

What about the "gas-plants email" trial that starts in September?

Before the 2011 election, McGuinty cancelled(www.thestar.com)) two gas-fired power plants that were to be built in Oakville and Mississauga because they were unpopular with local residents and could have led to the defeat of five Liberal MPPs in those areas.

Lysyk has estimated the cancellation will cost ratepayers \$1 billion over 20 years in terms of compensating the companies behind the scrapped plants and building replacement plants near Napanee and Sarnia.

In 2013, as McGuinty was handing the reins of power to Wynne, his chief of staff and deputy chief of staff were implicated after computer hard-drives were deleted in the premier's office. Ontario Provincial Police launched an investigation in response to a complaint from the Progressive Conservatives that said emails related to the gas plants could have been deleted. Charges were laid in 2015.

Both David Livingston and Laura Miller go to trial(www.thestar.com)) Sept. 11 for criminal breach of trust. They deny any wrongdoing. McGuinty, who co-operated with police, was never under investigation.

When will we learn more about the direction hydro rates are headed in Ontario?

Energy Minister Glenn Thibeault said the latest version of the government's long-term energy plan, which is updated every four years, will be released soon. He has pledged to find ways to remove more costs(www.thestar.com)) from the system.

What have the opposition parties at Queen's Park promised to do about hydro?

New Democrats: NDP Leader Andrea Horwath insists(www.thestar.com)) she can chop hydro bills by up to 30 per cent by keeping the Wynne government's instant rebate of the 8 per cent provincial HST, asking the federal government to scrap its remaining 5 per cent HST, eliminating time-of-use pricing, capping profits of private power producers and buying back shares in Hydro One. Rival parties have scoffed at the multibillion share buyback plan, saying it isn't feasible, and cast doubt that the feds would forego their HST on electricity. Since the buyback promise was announced, Hydro One announced it is spending \$6.7 billion to buy U.S.-based Avista(www.thestar.com)), raising further questions about the viability and affordability of that pledge.

Progressive Conservatives: Despite promising to unveil a hydro plan earlier this year, Tory Leader Patrick Brown has yet to deliver his party's policy(www.thestar.com)) and may not until just before the June 7, 2018 election.

Green Party: Green Leader Mike Schreiner(www.thestar.com)) wants to phase out nuclear power and use that money to help Ontario families and businesses conserve energy. Instead of Wynne's 25 per cent across-the-board hydro rate cut, the Green Party would target price reductions to the poor who need help the most. Any further privatization of Hydro One would be stopped. The Greens would conduct an

independent, public review of electricity generation costs to guide future choices.

N i a g a r a T h i s : W e e k L y H y d r o : G i v e O n t a r i o E n e r g y B o a r d i t s i n d

By: Scott Rosts
Aug 11, 2017 12:53

<https://www.niagarathisweek.com/news-story/7497927-notl-hydro-give-ontario-energy-board-its-independence/>

NIAGARA-ON-THE-LAKE — The Niagara-on-the-Lake Hydro board is continuing its call for change to the provincial electricity industry, this time calling for an independent Ontario Energy Board.

Earlier this month the board said the province needs a regulator independent of all participants in the Ontario electricity industry, including independence from the provincial government, saying while the mandate of the Ontario Energy Board (OEB) is to be independent, it can't fill the role because of province's role in the industry.

The board, in a statement, said the OEB is no longer independent and the province — despite being elected by the same consumers — can't fulfil its role "due to its active involvement in the industry and being subject to competing pressures." Protecting the customer needs to become the first priority, said board officials.

"It's not just about fixing the current high costs, it is also about ensuring we do not make similar mistakes again," said NOTL Hydro chair Jim Ryan. "We need an independent regulatory body that can raise concerns before final decisions are made. Waiting for the auditor general to review results is too late."

The board says "there is no protection of the consumer" due to the industry being "dominated by monopolies; both natural and due to government regulation." It says the provincial government is responsible for the final policy, "but a truly independent regulator is needed to represent the consumers."

The board says numerous changes in the past have prevented the OEB from being able to fulfil its role, causing an impact that has amounted to billions of dollars a year on electricity rates. Key impacts, said the board, include removal of the OEB's ability to review long-term energy plans; 20 letters and directives to the OEB from the provincial government mandating actions — some contradictory, said the board — dating back to 1999; OEB management of the Ontario Electricity Support Program and other government initiatives, rather than a neutral regulator; and more.

The NOTL Hydro board said it believes that a consumer-centric approach to dealing with electricity industry in Ontario needs to be developed.

"An independent regulator would be an important part of this," the board said in a statement, adding a number of representatives of the legal community have also raised concerns with the independence of the OEB.

The hydro board is no stranger to voicing its concerns to the province, previously urging the premier and the energy minister to reduce the high cost of electricity in Ontario, and sharing its own suggestions. Earlier this summer, they urged the province to fund rebates for hydro users from provincial revenues rather than defer the costs through the Liberal government's Fair Hydro Act. Last month, the board also urged the government to break up Hydro One with the goal of reducing distribution costs for Hydro One's 1.4-million customers, saying those households are paying too much for electricity delivery after Hydro One filed a distribution rate application in which it sought a 23 per cent increase in distribution rates (based on a typical residential customer) over the next five years.

T V T r a n s c r i p t s

N o n e