Evening Media Scan: Hydro Rate Reduction - January 3, 2018

From:	"Ma, Cesue (CAB)" <cesue.ma@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)" <som.1katherine.festeryga@ontario.ca>, "Foster, David (ENERGY)" <david.foster@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)" <som.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>, "Walman, Evan (ENERGY)" <evan.walman@ontario.ca>, "An, Derrick (OPO)" <derrick.an@ontario.ca>, "Leisk, Madison (OPO)" <madison.leisk@ontario.ca>, "Porter, Maddy (OPO)" <maddy.porter@ontario.ca>, "Whittington, Margot (OPO)" <margot.whittington2@ontario.ca>, "Yaqubian, Farnaz (OPO)" <farnaz.yaqubian@ontario.ca>, "Riggs, Matt (ENERGY)" <matt.riggs@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>, "Nutter, George (ENERGY)" <george.nutter@ontario.ca>, "Ma, Cesue (CAB)" <cesue.ma@ontario.ca>, Electronic Media <cab.emedia@ontario.ca>, "Selvadasan, Assumpta (CAB)" <assumpta.selvadasan2@ontario.ca>, "Halford, Gavin (ENERGY)" <som.gavin.halford@ontario.ca>
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Evening Media Scan: January 3, 2018

MEDIA SCAN: HYDRO RATE REDUCTION PLAN

January 3, 2018

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Northern News: Vanthof says road safety number one priority
Insauga: What the Ontario Parties are Offering in the 2018 Election

TV Transcripts

None

Online Coverage

Globe and Mail: Ontario power utility told to cut nuclear budget by

By: Shawn McCarthy
January 2, 2018

https://www.theglobeandmail.com/news/national/ontario-power-utility-told-to-cut-nuclear-budget-by-500-million/article37477254/

Ontario's government-owned power utility has come under renewed fire for its generous compensation practices, with the province's regulator slashing $500-million from the Crown corporation's budget for nuclear operations over the next five years.

Ontario Power Generation (OPG) says it is still considering the Ontario Energy Board (OEB) decision, which came Friday and was described as the largest rate application ever submitted to the board. The ruling can be appealed to the province's divisional court. "We are reviewing the decision in detail," OPG spokesman Neal Kelly said Tuesday.

OPG, which provides 40 per cent of the province's power, still managed to score some major victories with its application. The regulator agreed with its plan to begin charging consumers in 2020 for the $12.8-billion refurbishment of reactors at the Darlington Nuclear Generating Station and to spend $292-million between 2017 and 2020 on technical assessments of its proposal to rebuild reactors at the aging Pickering plant.

However, the OEB's three-person panel ordered OPG to cut $500-million from the $16.8-billion five-year budget it submitted to cover its nuclear operations. It disallowed some proposed costs for compensation and forced OPG to absorb a portion of cost escalations for some nuclear work.

OPG had estimated that its proposed revenue plan would add 65 cents a month to the average homeowner's electricity bill.

Soaring electricity costs have been a major political headache in Ontario, and Premier Kathleen Wynne tried to ease the pressure last year by ordering a 25-per-cent reduction in hydro bills for homeowners.

The OEB decision will allow the utility to "smooth" the cost recovery for its reactor projects, adding more than $1-billion to the burden on future ratepayers.

OPG has faced continuing criticism for its generous compensation, which was slammed in a provincial auditor-general's report four years ago. After it was released, two vice-presidents and the chief financial officer were fired. A subsequent report by former pension executive Jim Leech warned that pensions at OPG and other provincial power companies were overly generous and could require higher electricity prices to meet the liabilities.

The Crown corporation "had made some positive steps towards controlling its overall compensation costs," the regulatory panel concluded in its ruling . But it added that the compensation as proposed by OPG was still too high by as much as $50-million a year.

Both the Auditor-General and Mr. Leech recommended that OPG pay $1 in pension contributions for every $1 paid by its employees – as is the norm for other provincial employees. OPG said its contribution rate was 3 to 1 in 2015 and was expected to fall to 2 to 1 last year. However, some critics said the company had left some significant payments out of its calculations and that the real rate was more like 4 to 1.

"The pension issue has been part of every OPG hearing" since it came under OEB jurisdiction, said Brady Yauch, executive director of the Consumer Policy Institute, which intervened in the rate application. "It's been viewed as wildly generous."

Mr. Yauch noted OPG also fared poorly in assessments of its project management in a key division and that the OEB demanded the company conduct an independent audit to determine whether it is getting full value for its contracts.

Major industrial customers said the OEB decision is an indication of business as usual in the power sector, where sharply higher prices have put competitive pressures on big electricity users. The OEB decision appeared to lock in plans for refurbishments of OPG's nuclear reactor fleet. The company "pretty much got everything it wanted" on the financing plan for the major nuclear projects, said Colin Anderson, president of the Association of Major Power Consumers in Ontario.

***CBC News** No quick fix for Ontario's energy woes, electricity an*

CBC.CA News
Wed Jan 3 2018, 4:00pm ET
Section: Sudbury
Byline: CBC News

As political parties start rolling out promises on energy ahead of the coming election, an Ontario energy analyst says there's no quick fix to the province's energy system.

Tom Adams says political parties are promising simple fixes to the province's electricity system.

"The connection between those promises and the reality of our power situation gets more tenuous all the time," he said.

The Liberals say they plan to continue their Fair Hydro Plan, which reduced bills for households by 25 per cent last year. However, opposition parties and analysts have been critical of the accounting behind the plan.

"It looks like magic and it turns out there's less magic than first appeared," Adams said.

"So it's all borrowing. The provincial financial accountability officer and the auditor general ? have come down solidly opposed."

Living with electricity history

Adams says initially, the Progressive Conservatives aligned themselves with the accountability officer and auditor general on that criticism.

"They were sharply critical of the so-called Fair Hydro Plan and the phoney 25 per cent rate cut until they decided that their main criticism of the Fair Hydro Plan is that it doesn't go far enough," he said.

Adams says the history of Ontario's hydro system has created what's in placed now.

"The reality of the situation we're in is that there are no simple solutions for this," he said.

"The situation is we've got a lot of electricity history that we've got to live with."

'An issue that can never go away'

The NDP hasn't released a plan yet for the June election, but last year, stated a plan to cut back rates by 30 per cent and buy back shares from Hydro One.

"This notion of buying back the Hydro One shares I think is very problematic," he said.

"The current shareholders are going to want to be bought out at fair market price. That is going to generate a lot of extra costs."

Adams says there is no quick fix, but advises people not to turn to politicians for answers on the province's energy system.

"One of the fundamental problems with Ontario's power situation is over the course of years, we've gotten in the habit of looking to our politicians as the source of all the solutions," he said.

"Electricity is to Ontario politics what language is to Quebec politics. It's just an issue that can never go away."

Global News: Energy regulator orders compensation cut in Ontario nuclear budget

By: Shawn Jeffords
January 2, 2018 9:57 pm

https://globalnews.ca/news/3942959/ontario-power-generation-budget/

TORONTO – Ontario Power Generation must cut $500 million over the next five years from its nuclear operations budget after the province’s energy regulator took issue with compensation, corporate and administrative costs, including “excessive” pension and benefit levels at the province’s largest electricity producer.

The Ontario Energy Board ordered the cuts in a decision released Friday.

OPG must cut $150 million in pensions and benefits costs by 2021. It will make the other $350 million in cuts over that period from proposed corporate costs and its administration, operations and maintenance budget.

The energy board’s decision comes after OPG, in May 2016, asked for $16.8 billion from the board for a period between 2017 and 2021 – a request that would ultimately lead to an increase in rates.

“The OEB finds that OPG’s overall pension and benefits costs are clearly excessive … there is voluminous evidence demonstrating that the costs of these programs are well above market,” the OEB report said.

According to the decision, OPG offers both current and retired employees a “comprehensive” benefits package including a “generous” registered pension plan and supplemental pension plan and they cost the company “hundreds of millions of dollars per year.”

The report also notes that Ontario’s Auditor General has previously highlighted that the OPG’s pension plans and the company’s contribution ratios. In 2013, the auditor said OPG contributions are between four to one or five to one ratios when compared to employee contributions. In Ontario’s public service, the standard is generally a one to one contribution ratio, the OEB report said.

The report notes that while those ratios have come down, they remain at least a two to one ratio.

READ MORE: Workers pulled from Ontario nuclear plants due to ‘concerning trend of safety incidents,’ internal email

OPG said its request is intended to, in part, help offset the cost of a major nuclear refurbishment project at the Darlington Nuclear Station and the continued operation of the Pickering Nuclear Station past 2020.

The OEB's decision approves a request for $4.8 billion in costs related to the Darlington refurbishments and $292 million in fees associated with Pickering and says a rate increase associated with the request will be retroactively effective from June 1, 2017.

"OPG is reviewing the decision in detail," the company said in a statement, adding that it will submit a draft rate order to implement the OEB's decision by Jan. 17.

While the final impact will be determined in early 2018, OPG estimated that its application would cost the average ratepayer an additional 65 cents a month over the five-year-period.

The OEB also notes that the impact of the rate increase would not immediately be felt by consumers because of the Liberal government's 25 per cent cut to hydro bills.

The government plan is largely achieved by lowering time-of-use rates. That is done by removing from bills a portion of the global adjustment – a charge consumers pay for above-market rates to power producers – for the next 10 years.

In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference through a new entity called OPG Trust. The cost of paying back the debt with interest will then go back onto ratepayers' bills for the following 20 years.

Northern News *Vanthof says road safety number one priority*

Wednesday, January 3, 2018 2:10:07 EST PM

http://www.northernnews.ca/2018/01/03/vanthof-says-road-safety-number-one-priority

The new year has begun the same way it ended, with many northerners worried about the condition and safety of our roads.

That is the first point in Timiskaming-Cochrane John Vanthof's year-end review for 2017.

"Consistent and reliable winter road maintenance for all classifications of highways in the North has been a significant and ongoing concern since I was first elected in 2011," he said. "Despite some changes made by government, it remains a number one priority.

Vanthof believes the problem stems back to the privatization of highway management by the previous Liberal government.

"Because highway management was privatized as a cost-saving measure, the structure of the maintenance contracts allows for road management decisions to be made by private companies, instead of Ministry of Transportation (MTO) staff," Vanthof said. "Although the MTO completes inspections and responds to complaints, their involvement begins after the issue of concern is identified. Typically, the MTO manages issues of concern by imposing fines or levies on the private company when standards are not met; however, this delayed reaction does not improve road safety during critical weather patterns. We will continue to push for improvement, and ultimately, a return to a system where the MTO actively manages our provincial roads. Safe road conditions should be the priority, not the profit on the bottom line."

Vanthof said the loss of passenger rail service also continues to be an issue throughout the Northeast. "Since the Liberal government cancelled the Northlander in 2012, Northerners have felt cut off from the rest of the province. Though the Wynne Government boasts about spending on transit in Ontario, they do not seem to have a problem leaving Northerners stranded."

Another issue of great concern to Northerners in particular is high electricity costs. Vanthof said the province's decision to lower rates is a band aid solution which will cost Ontarians in the long term.

“In June, the NDP announced a hydro plan that would drop hydro rates by 30% in rural Ontario, by initiating a strategy that would regain control of Hydro One, make time-of-use metering optional and eliminate extra rural delivery charges. The Wynne government responded with its own plan, which basically reduces hydro rates for the short term; however, the cost will be reassigned to our hydro bills once the election is over in June 2018. ‘The current Government’s hydro plan is a temporary relief measure that will cost consumers far more in the long run. As the 2017 year begins to wind down, the NDP continues to lead the fight against the pay-before-use hydro metering program being proposed by Hydro One.”

Vanthof said there also a number of issues to be tackled when it comes to health care.

Insauga: WHAT THE ONTARIO PARTIES ARE OFFERING IN THE 2018 ELECTION

By: Alan Kan
January 3, 2018

https://www.insauga.com/what-the-ontario-parties-are-offering-in-the-2018-election

Brace yourselves, Ontario: it's almost time for another provincial election.

A few shorts months from now, the campaign will get underway and candidates from a variety of political parties—mainly the Ontario Liberals, Progressive Conservatives, and New Democrats—will be knocking on your doors and competing for your votes as Ontarians get set to elect 124 MPPs to Queens Park to form the next government.

It's a familiar exercise of democracy; let us be cognisant of the fact that people in less fortunate countries literally die for the right to cast a ballot. Based on the last few elections, a good chunk of Ontarians take democracy for granted as voter turnout has been abysmally low. Voter turnout was 52 per cent in 2014; by contrast, the 2015 federal election saw a turnout of 68 per cent.

We live in an age where elections are increasingly defined by leaders rather than ideas or policies. The Liberals' political fortunes are intrinsically tied to how Premier Kathleen Wynne will fair with voters, while Ontario PC leader Patrick Brown and NDP leader Andrea Horwath struggle to define themselves for the electorate—or in Horwath's case, remain relevant to the discussion.

But if you still put stock into policies that parties put forward during a campaign, let us take a look at the three main parties' policies (or at least what has been released thus far). Most of this information has been gleaned from the recently released PC party platform The People's Guarantee, a visioning document from the NDP website, as well as the slew of Liberal government announcements through the last few years.

Auto insurance rates

Conservatives: the Tories are promising to end "geographic discrimination" for auto insurance while not allowing insurance companies to raise rates in other parts of the province. In addition, they want to crack down on insurance fraudsters and uninsured drivers, citing the mismanagement of the Ontario Tire Stewardship under the current government.

Liberals: the government recently announced the "Fair Auto Insurance Act" in order to lower premiums by combating insurance fraud. One provision in the proposal is to direct the Financial Services Commission of Ontario (FSCO), the government body that oversees auto insurance in the province, to review risk factors used by insurers to calculate premiums with the goal of ensuring drivers in certain parts of the province are not subject to unfairly high rates.

NDP: In their visioning document, the NDP says their government would ensure drivers get the 15 percent savings (reiterating a promise backtracked by the Liberals to reduce auto insurance rates by 15 percent) while protecting benefits. They are also going to tackle the regional inequities in auto insurance which disproportionately affect low-income and racialized communities, and continue to drive toward greater affordability.

Transit and Infrastructure

Conservatives: One of the highlights of "The People's Guarantee" is the promise to build $5 billion worth of subways in the Greater Toronto Area. The Tories' platform makes specific reference to the Yonge Relief Line the Yonge line extension to Richmond Hill, and the extension of the Sheppard Line to close the loop with Scarborough. No word on how the Tories will actually find that $5 billion to pay for all these proposed subways.

As for other non-subway transit projects, in their platform the Tories state they will "fulfill the existing commitments to all-day, two way GO train service and to complete projects already underway," such as LRT in Hamilton, Kitchener-Waterloo, and Ottawa. Brown has stated in the past his government will abide by the decisions of municipal councils on local transit infrastructure.

Liberals: This government just recently opened the York Spadina subway extension, a project that dates back to Wynne's predecessor Dalton McGuinty's government. As for how to pay for future transit expansion, Wynne said in her recent town hall in Brampton that selling assets such as Hydro One allowed the government to find the revenue for infrastructure.

One idea that the Wynne Liberals made clearly abundant that they were not going for is allowing cities to implement road tolls, such as when she quashed Toronto Mayor John Tory's request to do just that for the DVP and the Gardiner Expressway. Congestion pricing is one of the best ways to pay for infrastructure, but Wynne's MPPs from the 905 talked her down from it due to how politically toxic such an idea would be to voters.

NDP: The NDP says they will match municipal operations funding for public transit on a 50/50 basis, meaning the province will pay half. The NDP says that adds up to more than $800 million annually for transit, including more than $330 million for Toronto alone. The party believes this will allow cities to provide immediate service improvements and more affordable and equitable fares.

The NDP also promise to continue building GO rail and bus networks, including extending GO services to Niagara Region, adding capacity to the GO networks' highest used routes, and a commitment to extending two-way all day GO services.

The Minimum Wage

Conservatives: The Tories have said the Liberals' recent minimum wage hike was too quick, preferring to gradually phase it in, saying there is disproportionate harm to small businesses and employers. The platform doesn't reference the minimum wage much, focusing more on traditional conservative economic ideas such as reducing small business taxes, creating a tax-free holiday, and a competitive and stable electricity system for businesses.

The Tory platform also promises to reduce red tape, specifically by eliminating two regulations for every new regulation introduced. They didn't specify what regulations would be cut when they bring new ones in, but as a political sound bite it sounds quite attractive to your average independent small to medium sized business owner.

Liberals: The Liberals are increasing the minimum wage in Ontario. It rose to $14.00 on January 1, 2018 and will rise to $15.00 in 2019. The minimum wage had been frozen at $6.85 per hour between 1996-2003, but increased annually between 2004 and 2010, and again in 2014, 2015 and 2016. The most recent increase to the general minimum wage was in October 2017, when the rate increased to $11.60. Premier Wynne boils this policy down to an issue of fairness, as she said during her town hall in Brampton.

The party recently released some quotations from workers, academics and small business owners who agree with the wage increase, but much of the coverage on this topic has revolved arund opposition from business owners. Some have said they will have to save money by cutting staff and scaling back hours. Even large chains like Metro have indicated they would have to scale back their 24-7 store hours to compensate.

NDP: The New Democrats have also called for raising the minimum wage to $15, but again as the Liberals already beat them to it, that deprives the NDP of one cludgel to beat the governing party with.

But the party can still fall back on promises to provide guaranteed sick days, predictable hours and schedules, equal treatment of temp workers by ensuring that any workers hired through a temp agency receive the same wage, same protections and the same benefits as those working beside them.

After the last campaign in 2014 when Horwath tilted the NDP slightly to the centre in order to appeal to a wider electoral base and failing, it would be wise for the party to lean back on their traditional, working class roots.

Hydro Rates

Conservatives: The issue of hydro is going to be an important "ballot box question" and the Conservatives believe they have some concrete proposals they can undertake to clean up the Liberals' "hydro mess", such as removing the Smart Meter charges on electricity bills immediately upon taking office and scraping the Green Energy Act.

Some policies that gives off more populist connotations is the promise to rein in the exorbitant salaries of Hydro One and Ontario Power Generation executives, as well as rebating the government's portion of Hydro One dividends directly to ratepayers through their hydro bills.

But the one promise that stands out is the Tories' promise to lower hydro bills by an additional 12 percent....on top of the 25 percent cut the Liberals recently brought in. On top of that, the Tories have said they would eliminate the provincial cap and trade program and opt into the federal government's carbon tax regime.

Liberals: The two signature pieces of policy Wynne's government has implemented when it comes to electricity was the sale of 60 percent of Hydro One, and the 25 percent cut in hydro bills which was more of a reactive move to the issue of rising hydro costs (which have been climbing year over year).

The criticisms for this government's approach is that they are so focused on alternative 'green' energies, as encompassed in their Green Energy Act, that they allowed the government to essentially prop up an industry that has not caught on with the regular market. Meanwhile, people's Hydro bills are going up and the province is producing so much surplus power that it is shipping it away for free to Quebec and neighbouring U.S states.

It seems the two silver linings that the government can rest laurels on is that there hasn't been a North America-wide blackout under their watch, and smog days have virtually disappeared since shutting down coal fire plants. But they really need to stay away from gas plants; anything to do with gas plants brings nothing but trouble for the Liberals.

NDP: the NDP have indicated that they also support cap and trade but wants to make sure that "no one gets left behind." They promised to dedicate at least 25 percent of cap and trade revenues to support communities and individuals with disproportionate burdens, such as northern/rural Ontarians and low-income families, also ensuring workers in trade-exposed industries are protected as Ontario makes a the transition to a low-carbon economy.

Housing Availability:

Conservatives: the Tories are promising to review the province's real estate portfolio to increase housing supply or municipally led affordable housing, citing how the Liberals' restrictive growth plan has led to small towns like Innisfil building condos while detached subdivisions are being erected next to major transit stations in Toronto. The Tories promise to get the planning done right by working with municipalities to make OMB appeals less likely, which will most likely be the case anyway once the OMB reforms kick in.

Liberals: The government earlier this year implemented a number of policy changes designed to curb soaring rents and house prices, such as a 15 per cent tax on home purchases by non-residents in the GTA, rent controls for all private rental units (not just those first occupied prior to 1991), and incentives such as a $125-million, five-year program to encourage the construction of new purpose-built rental apartment buildings by rebating a portion of development charges.

NDP: The NDP are promising to help homeowners by clamping down on land speculation and property flipping, reform condominium legislation to protect people's investment from shoddy workmanship and truly bad deals, and actively work with the federal government to build a National Housing Strategy that puts people first and take steps to address the supply of housing.

The party is also encouraging the development of 'missing middle' housing, meaning higher density communities that fit between detached single family homes and high-rises. As for rent controls, the NDP proposed the same thing the Liberals did on that front. Also included were calls for more investments in co-op housing.

This is just a brief summation of what policies are being offered by the main parties vying to become the next Ontario government. As a voter, it is important to educate yourself on what these people are actually proposing and see how they are relevant to your everyday concerns as a tax paying citizen of this province.