MEDIA EVENT: POST-QP SCRUMS ON PROVINCE'S HYDRO ANNOUNCEMENT

March 2, 2017

Location:

Outside Cabinet Meeting Room, Legislature

Speakers:

Minister Thibeault; PC Leader Brown; NDP Deputy Leader Singh

Media Attendance:

Print – 11 TV – 10 Radio – 0

Media Outlets:

Jones – CP; Benzie – Star; Ferguson – Star; Globe; Jeffords – Sun; Zochodne – QP Briefing; Smith Cross – QP Briefing; Nanji– QP Briefing; Crawley - CBC Radio/TV; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Global; CTV Ontario; Rath - CHCH Television; Tumelty - City TV; Wu – Fairchild TV; Lagogianes – CP24; Cruickshank – iPolitics; Smith – QP Today; Gordon – Freelancer; Volpe – CITY-TV

Media Questions:

Questions for Minister Thibeault:	
Q: Ferguson: So how much is this gonna cost in the long-run? It's – the Tories are floating numbers; the NDP are floating numbers – in the $30, $40 billion range?	So, we've been saying - and we said the question period - and I'm sure it was talked about this morning. We're talking about 25 billion dollars over the 30 years that we've talking about in stretching the you know, the refinancing of the (inaudible). So we are talking about $25 billion
Q: Lagogianes: Over 30 years	Over 30 years.
Q: Lagogianes: The NDP say 40. I just heard Todd Smith in my ear say 172 billion over 30 years.	So, you know what, you're gonna have to ask them where they're getting their numbers. The numbers that I've gotten from our accounting experts, from outside accounting experts, is we're talking about 25 billion dollars over 30 years. And as I said, We're - we front loaded these contracts. We've front loaded these to 20 years. And this single generation is paying a higher cost for that. And so we know that these assets will last longer than 20 years. So we can now refinance these over 30 years for they're useful life. Save ratepayers significantly - now 25 percent. But again, just to reiterate, that costs will be twenty five billion dollars over that period.
Q: Zochodne: So you're gonna pay $25 billion in interest payments over 30 years because of the decision to take that part of the global adjustment off the bill?	You know what, we've always said that bringing relief to families is a priority and we're doing that. But let's not forget that we still have a long-term energy plan, which is, you know, where we're working. We're working on that right now, so the long-term energy plan is really something that is very important for us because it allows us to look at ways of making sure that there's no more spikes when it comes to the global adjustment, and

	making sure that we can have predictable costs. And, you know, we're talking about, you know, market reform for example. Market reform by 2021 will save us $200 million. So you know, everything right now we're working hard on with our accounting experts to ensure that we have a system that we can rely on; a system that we know is clean. And at the end of this 30 years we're going to have a grid that, you know, is not only affordable for people – but reliable (inaudible)
Q: Brule: Is $25 billion the cost of interest – the cost of borrowing?	Can you repeat that for me?
Q: Brule: Is $25 billion over thirty years -	So the interest of the $25 billion is over the 30 years that we've mentioned.
Q: Brule: The $25 billion is interest?	Yes.
Q: Tumelty: (inaudible) signed green energy windows and solar panels – are they still being built?	So, there were, there were contracts that were signed through LRP1 that take time to actually come forward. Those contracts are moving forward. But one of the first things that I did when, we returned back last fall was cancel the LRP2 contracts. So there's no new contracts being procured when it comes to green energy. These were contracts that were awarded about a year ago at this time.
Q: Tumelty: And how much longer will we (inaudible) stake into the ground and having (inaudible)	So let's be clear, you know – when the premier spoke and when I talked about green energy and the importance of renewable energy – the issue that we have is not with the the - what we recognize that having, you know, renewable energy is important. But it's the how – and some of those contracts, you know, were higher than what we would have liked to see being hindsight, right. But now those wind contracts, the rates that we're paying for electricity are substantially lower. And so we're not talking about the same type of contracts that were signed in the past.
Q: Crawley: Minister, I want to ask how you arrived at the $25 billion figure - Did you have some information from people that, oh, you know, 8% wasn't enough. Yeah, 15 percent would be nice, but you know what we really need is, you know, you needed to get that 25 percent number because you could have, you know, refinanced even more at 30 percent. What is it about this magic number that caused you to aim for that?	We, we recognize that the the rate that we were looking for needed to be significant, and 25 percent - in our opinion - is significant. It was one that we were able to do looking at our fiscal books as well. So, you know, we, we had a lot of heavy lifting to do when it came to this specific, you know, this specific issue. You know it is gonna vary. It's going to vary between 23 percent and 28 percent. But ultimately the average is 25 percent. But those folks who live in the rural part of our province, they're going to see even more reductions – somewhere between 40 and 50 percent – because of the triple R.P. and the changes that we've made to that. So it wasn't necessarily about saying a specific number is target; but looking at significant changes that we could make for people; for families; for households, both an urban setting and in the rural setting

Q: Crawley: And what are you hearing, you know, especially in your neck of the woods from customers about how this - how are they going to react to this, like, are you getting a sense from people that they're actually saying: yeah, this this will be enough. This will really you know do it for me?	So I haven't had the chance yet to talk to specific people in my riding, but I do plan on calling them. I did have a conversation earlier today with the Ontario Regional Chief – Chief Day, you know; Chief Hill and a few others who really were really appreciative of the fact that they're going to see some significant reductions on their bills. And I think, you know, you know, I can't speak for everyone but I do want to be able to talk to as many people as I can. To let them know about, not only the changes that they're seeing when it comes to the 25 percent reduction, but how we are also enhancing the social programs for them. So, if they're still having a hard time with rates – and this has been around for a very long time when I was the executive director of the United Way in 2003 – the very first program that that I got involved with, was helping people with their energy rates. And so now still having programs that they'll be able to access, will actually go that one step further in helping them. And not only with those programs, but with the affordability fund as well.
Q: Crawley: So is it gonna save seats? Is it gonna save Liberal seats.	Again, I think looking at this you know with the premier you're talking about this; this was, you know for us, the fair thing to do for everyone. She handed me a mandate letter when I first took over this portfolio to find ways to reducing rates. We started that with the you know the cancellation of the LRP2 projects. The reducing of the, you know, the HST off of bills. But we recognize that there are more needed to be done, and that's what we did with today's news.
Q: Again, I think looking at this you know with the premier you're talking about this; this was, you know for us, the fair thing to do for everyone. She handed me a mandate letter when I first took over this portfolio to find ways to reducing rates. We started that with the you know the cancellation of the LRP2 projects. The reducing of the, you know, the HST off of bills. But we recognize that there are more needed to be done, and that's what we did with today's news.	So the significant amount will be to the small businesses, the mom and pop shops and the residents, because they're on the retail price plan. You know the places that you're mentioning, they're going to see you know somewhere between you know a three megawatt an hour reduction. And some places even higher - some of the larger Industrials will see even higher, because what we're doing is we're taking the social programs that they were on the rate base. So the OESP, the triple RP the affordability fund. We're pulling those off of the rate base. We're pulling those off the rate base and putting them on the tax base, so that we'll see some some some reductions for those businesses and those type of institutions as well.
Q: Jones: Minister, can you clarify, the additional costs from the new financing will ultimately they go back of ratepayers. Do we know when that will happen, I don't recall what the answer was.	So, from my understanding - are you're looking as to when, you know, - because right now we're taking off the G.A. we're utilizing all of that piece.
Q: Jones: Ya, but it's been said that that will eventually go back (inaudible).	So, so part of it is saying yes. So, you know, that's at least a minimum 10 to 12 years out. But again a lot of this

	is going to be looked at within the long-term energy plan. And with the long-term energy plan, we've talked a lot about the things that we've done in the past. I'm not going to reiterate all of those for you, but that will allow us to actually see how we can actually pull more cost savings out of the system. We're asking the OEB to work with our 70 LDC's to pull more costs out. So there's a lot of variables in that piece, but you know that's part of our plan is to make sure that we have this when we move forward with our long term energy plan. Which is the next thing we start with.
Q: Jones: Are time of use changes still on the table?	Time of use changes are still on the table in that process.
Q: Ferguson: When you do the LTEP, are you – ah, is your main focus in the LTEP cutting back on the surplus of power we have right now? How are you? How are you approaching that.	So, so, the surplus of power is not something that, you know, we're going to walk away from because our IESO, and I'm more than happy to sit down and explain this in further detail, but our IESO needs to generate this power to ensure that we keep the lights on throughout the province. They have a scientific method that's pretty fascinating to see and which you know they can judge if the Leafes are playing the Habs and, you know, during intermission, they open up the fridge to grab a beverage during intermission, that they can actually account for the spike that you'll see from all the lights coming on. So you know there's a whole system in place to ensure that we can actually have a system that is reliable. And when we do sell it to Michigan to New York we're actually making money out of that. And at the end of the year when you look at our full accounting picture in 2015 we're going to get 2016 numbers. We made 230 million dollars. We've built a system that is clean, green – I keep saying that – clean, green and reliable and you know we're going to continue to do just that.
Q: Zochodne: Can I just get some clarity on the, on exactly how turn the (inaudible) down on this average $25 billion (inaudible) so that involves the province borrowing of money; storing it in like, in an account sort of thing; and then later on rate payers will pay the interests on the debt that's been accruing?	So I'm going to refer you to the document and then I'm gonna do my best to explain it in my head to you – so you can look at that document right. So. So the IESO is going to tell OPG how much they're going to actually need to actually pay that global adjustment. Right. And so, they will then actually get that money from ratepayers and send it to the OPG. Now, Jeff Lyash, who's the CEO of OPG, talked about, often, that the entity that he created – and they've done this many, you know, like, he's been involved and knows of this being done in many other instances in the United States. So, we're not setting a precedent with this - that this money will then come in. It will be at a fixed rate, right, with whatever the interest rate is going to be. We're assessing it. We're taking this very conservatively at 5 percent. And so when you say that 5 percent that's what we're basing the cost back on and then OS, the IESO, our system operator, sets the rate to recoup those dollars and puts it back into the fund.

Q: Zochodne: So, my follow-up question then is; Is this not formally over complicated? Like, is there not an easier way to do this.	If there had been an easier way for us to do this, we would have done it. This is the way that we you know we've been able to move forward to get the serious reductions that we can; the substantial reductions that can for the people in the province.
Q: Zochodne: Is it also not over confident for the government to make such a long term decision, with an election only16 months away.	You know what, it's it's it's – what it relates to is making sure that we have fairness for people right now. And that's what this decision was today. I got to run everyone. Thank you.
Questions for PC Leader Brown:	
Q:	…. And they are still proceeding to the next stage of more generation on Friday with FIT5. It's one thing to acknowledge you've made a mistake and apologize for it. Don't go and make the same mistake again tomorrow.
Q: Benzie: Now they're going to put this this hydro fix in legislation, that'll be voted on. Will the Tories vote for this rebate or is it, I mean is it politically difficult for you to oppose it even though you may not be happy about mortgaging our future?	You know I'm not going to get into hypotheticals of what may be in the legislation. We're always going to support hydro relief. There are problems though with the plan that's been presented and we'll point that out.
Q: Rath: Reporter: How can you get around this (inaudible)?	And, and, and certainly we're going to elaborate on some of the fixes that we see. Let me point out on this though -- there's no reference to reigning in some of these executive salaries. On the generation you know a huge part of this problem is the generators, the generation, and there's no reference to that problem. I understand they're not going to look at the existing bad contracts. I'm concerned that, and that should be done, we should be looking at existing bad contracts. You look at the Samsung deal you know, there was an exit clause in that they could have got out of a billion and a half. That's the only contract we actually have a copy of. Of that contract, there was an exit clause there could be other exit clauses in other contracts, but the fact they're still proceeding with new generation knowing that we don't need it seems short-sighted.
Q: Benzie: When are we going to see the Tories alternative plan? I mean are we going to have to wait until the November platform convention or do you plan to roll something out quickly, I mean the NDP put a marker in on Monday with their plan. Now we know what the Liberals would do. All eyes are kind of on you guys to say what's your alternative.	And certainly we're not going to make the Toronto Star wait till November. We do plan to roll out more details on some of the fixes that we see. We now have the details of the Liberal plan. That is helpful. They're not transparent in use terms of sharing some of the challenges the province has. I still like them share to share the contracts. You know I go on a lot about these bad contracts, everyone talks about the over generation. I think it's quite unfortunate they have a government that is so secretive. You look at these 30 bad contracts the fact that the opposition and the public only has access to one of them is, you know, speaks to a government that is very secretive.

Q: Jones: Can you explain that $42B figure that you guys were asking about (inaudible)?	So we were talking about the interest, the original, during the briefing this morning, during the technical briefing they were saying that the interest payments could be as high as, as $42B over, over the period that this is being rolled out. We understand from the Global Mail that more details been provided and it will actually be $14 billion in interest. So it's still a staggering number of $14 billion to pay for the government's mistake.
Q: Smith-Cross: You guys have been critical about the hit on the tax base immediately -- it's $5.5 billion over the next three years. How should that money be better spent in your opinion?	Well once again you know, we are, I'm happy that there's hydro relief. I'm, we believe hydro relief is necessary. What I'm concerned about is that the government is not addressing some of the structural problems. I'm concerned that we're not focusing on the bad contracts, the generation issue.
Q: Smith-Cross: Any idea what you would do with it if you were in charge?	Reporter: for starters we would stop the fire sale of Hydro One immediately, if I was Premier tomorrow. We'd reign in some of these executive salaries, we would look at LRP 1, we'd look at, we would dismantle the Green Energy Act. We would deal with the surplus generation.
Q: Lamoureux: (In French) Is the hydro rate reduction announced today good news?	(In French) My party has always supported hydro rate reductions for Ontarians. I hope the government will look at the bad contracts. I hope they will stop the new contract they have started.
Q: Lagogianes: The math is fuzzy but how much is this going to cost? And are you just completely diametrically opposed to this plan?	So I'm going to support hydro relieve Hydro is a good thing. My concern is with this plan is one, we're going to pay $14 billion in interest payments for the Premier's mistakes. Just look at the interest payments. $14 billion dollars for this government's shortsightedness and their mistakes. And that's a hard pill for Ontario to swallow. It's government's errors and energy is going to cost them $14 billion in interest. Other thing I'd say one of my big concerns is it's one thing to acknowledge that you've made a mistake. Don't go about committing the same mistakes. We understand the Green Energy Act was again a unmitigated disaster, we signed bad contract with contractors, were spilling water power every day it's not a green energy is bad contracts. And yet they're going ahead tomorrow to the next stage of Fit 5. You'd think they would have learnt about these bad contracts and now they're doing the same mistake again. How can you ask for Ontario and to accept your apology when are you going to do the same thing all over again?
Q: Lagogianes: There is an old saying: people make mistakes, smart people learn from their mistakes. Wise people learn from the mistakes of others. And you're saying this is a big mistake by the Liberals. So what is your plan?	My immediate advice to the Premier would be to look at the 30 bad contracts. They have only shared one of them the Samsung deal. We know on the Samsung deal there was a billion and a half exit clause that they could have taken that would have diminished the surplus. We'd like to see the other 29 contracts. We know that the Liberal party benefited from $1.3 million dollars in donations from these big contracts from the big renewable companies.

	We want to see the other contracts. We obviously the government has a self-interest they're not going to look at them. I also want to look at LRP 1. We're about to you know add massive new generation with a notice to proceed hasn't gone out. You know there is a real opportunity to diminish some of the surplus generation the government doesn't seem to be interested in it. They're not interested in looking at the structural problems. And I can tell you we're the only party here who for six years had been raising this. When the auditor general like this in 2011, we are the one party that's said this is the real issue, we're the only party that voted against the Green Energy Act.
Q: Lagogianes People have short memories for that results. Once June comes and people see a pretty big chunk of the hydro bill, do you think this issue, not goes away, but doesn't make the front page as we hurtle towards this election?	You know I think there's still a lot of people who aren't going to be buying these Liberal lines and I know they had the rehearsed applause today but the reality on the watch of this government hydro bills have gone up 400 percent and now they're saying we're going to you know offer you a 25 percent relief. It's still a 400 percent increase we've seen on their watch. We've seen hydro bills go from competitive in North America to being amongst the highest they own that.
Q: Jeffords: There are using the number \$14 million in financing if I understand.	\$14 billion. I would love it to be \$14M.
Q: Jeffords: The Premier and the energy minister used \$25B over (inaudible) years. I'm wondering if you could walk us through your numbers and why are they different?	So in a technical briefing we were told the highest point in interest could have been \$42 billion. The Globe and Mail has now clarified that that it appears that what has been negotiated is \$14B in interest. And so either way it is a pretty ugly figure. It's a pretty ugly figure that Ontarians have to wear.
Q: Jones: The Premier said it was not fair for today's ratepayers to shoulder the entire burden of all these (inaudible). Are we asking future ratepayers to pay for savings for today's ratepayers? These two separate groups of people?	I think it fair to say they are both taxpayers and you're stealing from your robbing from one taxpayer to pay for another and a future taxpayer you're robbing from. Yeah you're going to make future rate payers pay \$14 billion dollars in interest to make up for the government's mistakes and that's why as much as we needed immediate hydro relief, what I would have liked to come with this, what I would have really appreciated is to say we know we signed bad contracts we know it made the global adjustments something that most Ontarians dreaded and feared every month. So stop signing new deals. The fact that Fit 5 is proceeding tomorrow says this government has learned nothing. It's all about temporary short term fixes. They don't think they've done anything wrong in as much as they say they made a mistake, they're still saying you know these decisions were necessary. I'm sorry the Green Energy Act has been unmitigated disaster, it wasn't necessary. We're still in water power across Ontario. They signed bad deals and they should apologize to the people of Ontario.

Q: Jones: They say it will kick in about a year before the election. Do you think that timing is a coincidence?	I think right now they're looking at their own political survival. They are trying any Hail Mary and they're saying they're trying to put a Band-Aid on a bullet wound. They've taken people's bills skyrocketed them up 400 percent and now they're trying to offer a 25 percent reduction by borrowing and taking from future rate payers. It's short term fixes. And they're not looking at the structural problems. That's why I stress, knowing that we have the surplus generation know that we have these bad contracts, know that we have this overinflated global adjustment. You know it used to be called the provincial benefit. They changed it to the global adjustment. The reason used to be called the provincial benefit as you'd actually get funds back ratepayers would get funds back and now it's a it's a giant cost. They own that. That is their mistake. And the fact they're about to commit the same mistake tomorrow, the same mistake they're now paying for today, they're going to do it again tomorrow? Shows they're not really apologizing. They really don't want solutions. They just want to temporarily look better but they're going back to their same old ways.
Q: Brule: (In French) You say the source of the problem has not been fixed.	(In French) The problems have been caused by bad contracts. There is no change in direction with these 30 bad contracts. They will honor these bad contracts and at the same time will continue to sign bad contracts. The next bad contract starts tomorrow.
Q: Lamoreux: (In French) Does this plan scare you in that it may allow them to survive next year?	(In French) No, I want hydro relief for Ontarians. It is in the best interest of Ontarians. And I will always support hydro relief. But the problem with the plan is the government is still heading in the same direction. A new contract takes effect tomorrow.
Q: Lamoureux: (In French) But people will see price reductions of 25% starting in June. That will hurt your party.	(In French) The people of Ontario are more intelligent than we think. Families and cities in every part of Ontario understand that under the government, hydro rates increased by 400%. Now there will be a small reduction but (inaudible).
Q: Lamoureux: (In French) Do you think it will really help people? Will a 25% reduction help Ontarians?	(In French) It is small. It is small. It is a step in the right direction but the problem is many mistakes were made. I think a lot of people want them to change direction. This government continues to move in the same direction and making the same mistake and wasting money.
Q: Lamoureux: (In French) But people are looking for a break in the hydro bills and it looks like they are about to get one in a few months.	(In French) I think most people in Ontario will see province continue to waste money with new contracts which begin tomorrow.
Q: Crawley: How concerned are you that there will be a political bump for the Liberals and they are actually going to get some political benefit out a significant drop in people's hydro rates.	I want to see drop in people's hydro rates. I think anyone who pays a hydro bill wants to see a drop. I think the majority of people are going to be disappointed this is just for show. This is temporary, this a Band-Aid on a bullet wound. If the government was sincere about this. They

	saying: OK we understand we made a mistake. And the Premier said that six times. But we are going to pay $14B in interests to make up for Kathleen Wynne's and Dalton McGuinty's mistakes. But they are about to make the same mistake tomorrow. Fit 5 is proceeding. LRP is proceeding, a large procurement. They haven't learned. This is all about political show and I want them to do, and what the people of Ontario want them to do is actually have them address the structural issues.
Q: Crawley: The average person does not care about the intricacies of the hydro system, they care about the bottom line on their bills. Are they going to get a political bump from the drop in hydro bills.	I actually think the people of Ontario are much more intelligent than what we give them credit for. They can see through this charade and frankly this is shell games you know like they say it's a 25 percent reduction. Well the clean energy rebate and HST rebate was just (inaudible) then all of a sudden you are 17 points, And they realize you are borrowing. You're robbing Peter to pay Paul. It's all a shell game. They're not addressing the structural issues.
Q:Brule: (In French) They are borrowing today to save but Ontarians will pay more in the long run.	(In French) Exactly. Right now they are borrowing. Future generations will pay (inaudible). Why? Because there is an election next year. That is the only reason. But they continue with the problems in the structural issues.
Q: Benzie: On another subject. Next Tuesday Sam Osterhaus is facing a challenge for his for his seat. Are you supporting Sam or are you supporting Tony, he's an old friend of yours or are you staying neutral or what's your message then to Tories?	I am supporting all my incumbents. I know it's a practice previous leader have adopted. I am going to support my caucus members. And I expect Sam to win his nomination. Thanks.
Questions for NDP MPP Singh:	
Q:	(Joined in progress) So just for the folks who just got here just take this in for a minute. When you look at the Liberal plan the Liberals said to us they could not build infrastructure but we're selling off of the public asset as they needed to sell off this public asset. They needed to sell off this public asset to raise four billion dollars. Now there are taking out a $40 billion dollar loan to reduce the cost of electricity. They're not reducing the are just stretching it over more time. But they couldn't, they couldn't build infrastructure without selling off public assets. Take that in for a second. It makes no sense at all. This government is basically putting money in the pockets of bankers. They're taking out a loan that's not going to address the root problems with our hydro system. And instead they're just prioritizing against their well-connected friends over the people of Ontario. Our plan is very clear. We're saying let's address the real problems. What are they? The oversupply. Why are we paying companies to take or supply electricity? 2 - Why don't we address the real problems with bad contracts. Look at really addressing those renegotiating those. In addition let's look at the timing the pricing makes sense.

	People are finding it very difficult. And finally the delivery charges to real communities are killing people, are putting them in a difficult position. We need to adjust those root problems. But this girl is doing is just doubling down on a bad plan.
N.B.: Comments captured are not verbatim quotes	

Prepared by:

Guy Lepage, Senior Issues Analyst
Sofia Sousa-Dias, Senior Issues Analyst
Craig Sumi, Manager, Corporate Issues