

Morning Media Scan: Hydro Rate Reduction Plan - November 30, 2017

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A power Brown-out

Ontario Progressive Conservative leader Patrick Brown's election platform presents his "guarantee" that his party "will fix Hydro." His plan's core is to reverse the PCs' longstanding rejection of Premier Kathleen Wynne's "Fair Hydro Plan," which shifts 25 per cent of current household rates to taxpayers and future consumers.

Wynne's electricity-rate deferral and cost-shifting program had been roundly criticized by both the legislature's auditor general and financial-accountability officer. The PCs had hammered the government with this analysis. Just weeks ago, the PC's energy critic, Todd Smith, attacked the Fair Hydro Plan, saying "It is deceitful, it's dishonest and it's shady."

Now, the new PC position is that the only problem with Wynne's program is that it does not go far enough. Brown's Ontario PCs are promising they will "save" households 12 per cent on their rates over and above Wynne's existing 25-per-cent cut. All the big-ticket items Brown calls cost "savings" are merely more cost shifting - removing costs from the ratepayer's left pocket by taking from the taxpayer's right pocket.

Brown's largest cost shift - \$433 million per year to until 2022 at least - is to move conservation costs to taxpayers. Electricity demand in Ontario has been falling since 2005, ratepayers are burdened with a massive surplus of power sold to neighbouring utilities for prices close to zero, and generators are being paid massive but undisclosed amounts to not generate any power. Oblivious to all this, the PCs declare all existing conservation programs to be "worthwhile."

Driving off the PCs' longstanding opposition to the privatization of Hydro One, where they are aligned with the NDP, the other big-ticket cost-shifting item on Brown's list is to rebate Hydro One's dividends to households. The problem is that customers already receive every penny of Hydro One's dividend payments to the government, albeit by way of the Ontario Electricity Financial Corporation (OEFC). In the Brown plan, taxpayers will keep OEFC whole for its foregone revenue.

These new taxpayer costs will put pressure on the deficit. Until weeks ago, the PCs endorsed the auditor general's criticism that the Fair Hydro Plan losses belong in the calculation of the deficit. Now, the PCs have endorsed Wynne's deficit calculation with the Fair Hydro Plan losses excluded.

Another key to Brown's plan is to implement more direct political involvement in the power system. He promises that a legislative committee will take over the review of any future energy plans. He declares the

last vestiges of public utility regulation the Liberals have not yet absorbed within the Ministry of Energy to be "red tape."

Brown's platform document makes some noises about addressing structural factors driving up rates. The PCs put numbers to promised cost savings from reviews of existing power generation contracts, but those numbers appear speculative.

The PCs also promise to repeal former premier Dalton McGuinty's legacy Green Energy and Green Economy Act, much loved by renewable-energy developers for its rich subsidies. But now that it's deeply threaded into the administrative legal structure of Ontario's power situation, simply erasing the Green Energy Act is not an option. The PCs are silent on what they will replace the Green Energy Act with. Particularly given their recent flip-flop on Wynne's Fair Hydro Plan, there is no way to know what their alternative might be.

Wynne's justifications for her electricity policies are a flock of canards that the PCs have never been able to effectively shoot down. The Liberals just keep repeating that Ontario's power exports and conservation programs are profitable and that wind and solar succeeded in getting rid of coal power. Compared to Brown's electricity plan, Wynne's suddenly look honest and responsible by comparison.

Tom Adams is a Toronto-based energy consultant.

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