QP Briefing: June 22, 2017

From: "Law, Sally (CAB)" <sally.law@ontario.ca>
To: "@CAB-QP Briefing" <cab-qpbriefing@msgov.gov.on.ca>
Date: Thu, 22 Jun 2017 17:17:46 -0400
Attachments: 20170622 - QP Briefing.doc (164.86 kB)

QP Briefing

June 22, 2017

Click links below to view article:

Articles

1). Liberals' full hydro savings to kick in on Canada Day: OEB

2). Ontario 'should be pleased' it can buy cheap emissions cuts from California: think-tank

3). Tories pull ahead again in new poll despite strong support for Grit policies

4). Trudeau is 'open' to updating NAFTA – not to the 'pain' of killing it

Articles

1). Liberals' full hydro savings to kick in on Canada Day: OEB

By: Geoff Zochodne

The Liberal government's summer of hydro savings officially starts on Canada Day, the province's electricity industry regulator declared on Thursday.

The Ontario Energy Board says new electricity prices will come into effect starting July 1 that will lower the average monthly bill for a customer to about $121. This is approximately 25 per cent, or $41, less than it would have been without the Liberal government's so-called Fair Hydro Plan, according to the OEB, which sets rates.

The Liberals' relief plan includes the "refinancing" of the global adjustment charge all electricity customers pay, as well as an already enacted 8-per-cent rebate and the removal of the cost of social assistance programs from hydro bills. Those programs, which are for low-income and rural Ontarians, will now be paid with tax dollars. They are also being enhanced.

As of July 1, the OEB says the time-of-use prices that most Ontario electricity customers pay will be slashed to 6.5 cents a kilowatt hour during off-peak periods from 9.1 cents, which is where it would have been without the Liberals' plan. The mid-peak price will go from 13.3 cents to 9.5 cents and the on-peak price will fall from 18.5 cents to 13.2 cents.

The minority of customers who don't pay time-of-use prices will receive a global adjustment credit, the OEB says.

The Liberals passed legislation to enact the Fair Hydro Plan the day before Queen's Park recessed for the summer on June 1, aiming to reduce the average electricity customers' bill by 25 per cent. Bill 132, the Fair Hydro Act, actually required the OEB to set rates 25 per cent lower by July 1. The OEB had already lowered time-of-use rates by 17 per cent effective May 1, with some of those savings attributed to the forthcoming passage of the Fair Hydro Act.

As well, the refinancing of the global adjustment — a fee that ensures electricity generators are paid the price they're contractually entitled to, even if it is above the market price — will require the government and Ontario Power Generation to take on about $25 billion in debt over the next 10 years, which electricity customers will start paying off via their bills a decade from now.

The FAO has reported that ratepayers will have to pay back the principal plus another $21 billion in interest, adding about $22 to the average monthly hydro bill from 2028 to 2045.

Premier Kathleen Wynne has admitted the hydro plan will cost more than the status quo would have, but that it was necessary to help Ontarians in the here and now.

[Top](#)

2). Ontario 'should be pleased' it can buy cheap emissions cuts from California: think-tank

By: Geoff Zochodne

Don't fear what's cheaper.

So says a researcher from the C.D. Howe Institute, who argues Ontarians should be happy their province will be able to buy cap-and-trade credits from California to help hit its climate targets, rather than only making the necessary greenhouse gas reductions at home.

An "intelligence memo" prepared by Vincent Thivierge, a researcher at the independent think-tank, says that "Quebec and Ontario citizens and businesses should be pleased with the availability of lower-cost emissions allowances from California."

"Given their low-carbon electricity generation systems, both provinces don't have as much potential for low-cost reductions as California," added the memo, which was published Tuesday. "Not surprisingly, more reductions are likely to occur in California, and Quebec and Ontario will be net buyers."

Thivierge pointed to an EnviroEconomics study done for the Ontario government that estimated the province's carbon price would be $18 in 2020 if it was linked with California and Quebec, but $157 if it was not.

"Because Quebec and Ontario's trade partners currently face lower carbon prices than in both provinces, higher allowance prices in unlinked markets would create additional competitive pressures for firms and higher retail prices and pump prices for consumers," he wrote. "Quebec and Ontario should achieve their GHG reduction targets at the lowest, not highest cost. Imports are not delaying our transition to a low-carbon economy. In fact, Québec and Ontario have put in place the best policy to encourage the adoption of GHG reducing technologies: a carbon price."

Ontario's cap-and-trade system began in January, and two near-sellout auctions have been held thus far. Nearly $1 billion has been raised from the sale of carbon-emitting permits, which will be spent on greenhouse-gas-reducing programs the government will use to help it reach its emissions target of a 15-per-cent reduction below 1990 levels by 2020.

Ontario's carbon credit "imports" from California wouldn't start until 2018, when the province plans to link its cap-and-trade system with that of the state and Quebec. California and

Quebec have held joint carbon permit auctions since 2014.

Ontario Environment Minister Glen Murray has said negotiations to link Ontario's cap-and-trade system with California and Quebec are going "very well."

However, Ontario's auditor general noted in her 2016 annual report that less than 20 per cent of the GHG reductions the government needs to hit its 2020 target will happen in the province. The report also said that companies from the province may purchase about $466 million in emission allowances from California and Quebec by the end of 2020, "money that will leave the Ontario economy." PC Leader Patrick Brown has attacked the government for this, saying the Liberals are helping subsidize Beverley Hills.

Furthermore, Ontario's environmental commissioner said the supply of cheap California carbon credits "does not, in practice, limit Ontario's GHG emissions from 2017 to 2020." There have also been questions raised about Ontario's ability to claim emissions reduced in California as the province's own, particularly as U.S. President Donald Trump plans to pull his country out of an international agreement on fighting climate change.

Thivierge says there should be concern about the tallying of emissions reductions abroad and the "environmental validity" of California's permit supply (ensuring emissions are actually decreasing).

There shouldn't be too much anxiety over where GHGs will be reduced, he says.

"In economic jargon, the environmental damages of GHG emissions are uniformly distributed," he wrote. "In other words, the impact on the climate is the same whether the tonne is emitted in Sherbrooke, Scarborough or San Francisco."

Top

3). Tories pull ahead again in new poll despite strong support for Grit policies

By: Sabrina Nanji

A raft of progressive policies doesn't appear to be enough to rescue the Ontario Grits from their sinking popularity.

That's according to the latest public-opinion survey from Campaign Research, released Thursday, that puts the Tories ahead of the governing Grits by eight points — despite the fact more than half of voters are on board with a slew of Liberal-branded policies, including the basic income experiment, a $15 minimum wage and pharmacare.

The online poll gauged the opinions of 1,118 Ontarians, 38 per cent of whom said they would vote Progressive Conservative if an election were held tomorrow, while 30 per cent would cast their ballot for the Liberals. Another 24 per cent would back the NDP, and 7 per cent would support the Greens.

It's a slip from a Campaign Research poll last month that had the Grits and Tories in a virtual dead heat — in May, the Liberals rallied 37-per-cent support and the PCs garnered 34 per cent, which was within the poll's margin of error.

Per the latest survey, provided exclusively to QP Briefing, nearly 30 per cent of those who voted Liberal in the June 2014 election — and helped carry them to a majority government — would not do so this time around. Instead, 15 per cent of respondents said they would cross over to the PCs and 13 per cent would opt for the New Democrats.

"This change in voter behaviour was not present among those who voted for either PC or NDP parties in the last election," the poll added.

At 18 per cent, Premier Kathleen Wynne's personal likability is bleak – 69 per cent of those surveyed said they disapproved of the job she is doing as Premier, and 13 per cent weren't sure how to feel about her. That's consistent with a Mainstreet Research survey released Thursday which places Wynne dead-last in a popularity contest between all of Canada's first ministers, with just 19-per-cent approval.

Tory Leader Patrick Brown boasts a 30-per-cent approval rating, according to the poll. Twenty-one per cent disapproved, and a whopping 49 per cent said they didn't know what to make of Brown, who has yet to detail planks of his platform. That won't happen before the PC policy convention this November.

Ever the most popular leader, captain of the NDP Andrea Horwath was endorsed by 41 per cent of respondents — which is nearly double the support for her party. Just as many folks, 41 per cent, said they weren't sure how she's doing as leader, and 18 per cent disapproved.

But the poll contains a silver lining for the Grits, whose smorgasbord of progressive policies appears to be resonating with many voters — even if that support doesn't translate to approval ratings. The findings are consistent with a Forum Research poll from earlier this week that suggested the Liberals would be relegated to third-party status in the next election, scheduled for June 7, 2018.

"While Ontario Liberals are, once again, in second place, their signature initiatives, including the minimum wage, the basic income, youth pharmacare and the three week vacation promise have become very popular," said Eli Yufest, CEO of Campaign Research, in a release.

For instance, 78 per cent of respondents gave the thumbs-up to expanded vacation provisions for employees that have been with the same company for five years, while 65 per cent approved of OHIP+, which will cover prescription medication for everyone until their 25th birthday starting next year.

The Grit pledge to gradually up the minimum wage to $15 an hour by 2019 garnered support from nearly six-in-10, or 59 per cent. About half, 51 per cent, supported the three-year basic income pilot project.

Campaign Research's latest survey was conducted between June 9 and June 12, and has a margin of error of plus or minus 3 percentage points, 19 times out of 20.

Top

4). Trudeau is 'open' to updating NAFTA – not to the 'pain' of killing it

By: Christopher Reynolds

Prime Minister Justin Trudeau said "the short-term pain" of killing NAFTA — rumoured as a real option for the White House two months ago — would be too much to bear on both sides of the border, and urged a continual process of tweaking.

"To terminate it suddenly would be far more disruptive than renegotiating it, even if theoretically one could image a much better deal sometime down the road," Trudeau said Thursday during a talk at the University of Toronto's Rotman School of Management.

"We really should move forward on renegotiating or updating NAFTA, as it's been updated a dozen times over the past 25 years," he said. "There was an openness to that."

In late April, U.S. President Donald Trump opted not to pull out of the North American Free Trade Agreement (NAFTA) as rumours swirled about an executive order to crush the agreement, which channelled $544 billion in two-way goods trade across the border last year.

How Trump reached that decision depends on who you ask. Accounts from Canadian media reported that his son-in-law and senior aid Jared Kushner rang up Trudeau's chief of staff to request a call between the two leaders. White House officials, however, have said Trudeau put in an urgent call to Kushner on April 26 after seeing reports of a possible NAFTA exit.

"I reached out to him. We talked. I highlighted the fact, fairly straightforward I thought, that in any trade deal . . . businesses and jobs are created through that . . . [T]he short-term pain would be so significant for so many Canadians, but also so many Americans," Trudeau said.

Premier Kathleen Wynne has emphasized province-to-state trade deals, visiting about a dozen governors over the past few months in a flurry of free-trade promotion. She claimed success after New York State backed out of a Buy America policy in April. The Premier just returned from Georgia to fire up trade this week, and is off to Rhode Island next month.

One of the two New York Times reporters onstage at Rotman's Desautels Hall for the Q-and-A, which hosted several hundred attendees, brought up carbon pricing.

"Can you imagine a scenario in which Canada chooses to impose a carbon tariff on the United States," asked New York Times chief White House correspondent Peter Baker.

"I don't believe in thickening of borders. I don't believe in penalizing," Trudeau said, nearly quashing the idea — though not explicitly.

He stressed the significance of subnational deals, saying that provinces like Quebec and Ontario rely more on individual states for carbon pricing. California and Quebec already hold joint auctions for carbon credits via the Western Climate Initiative, which Ontario has pledged to join in 2018.

Trudeau views the cross-border program as a key pillar in the government's national carbon-pricing structure, with the goal of ramping down greenhouse gases 30 per cent below 2005 levels by 2030.

Ontario also launched a cap-and-trade program earlier this year, hosting auctions to sell carbon credits.

Earlier Thursday, Trudeau met with GM executives to talk trade, as did Wynne, separately. On that front, too, Trudeau said tariff walls would "significantly hurt both sides."

Nearly half of the parts for cars that are manufactured in Canada and shipped south are made in the U.S., suggesting trade barriers would mean a major hit to U.S. industry.

Top