

QP Briefing: May 4, 2017

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1). Electricity market reforms could now save Ontario up to \$5.2 billion

By: Geoff Zochodne

Remaking Ontario's electricity market could deliver billions in benefits to consumers – but the companies and utilities selling power are worried about government meddling.

The 2017 Ontario budget, released last week, said the potential savings generated by market reforms could now be worth as much as \$5.2 billion over 10 years, starting in 2021. The Independent Electricity System Operator, the provincial agency that runs Ontario's power grid, had previously pegged those possible savings at around \$3.5 billion.

The IESO has been working on "market renewal" for years, and a recently finalized business case shows the net benefits could go as low as \$2.2 billion or as high as \$5.2 billion. Savings for customers could be about \$180 million per year in 2021, and reach nearly \$700 million a year by 2030.

Fixing the electricity market was included in the Liberal government's "Fair Hydro Plan," which aims to reduce power bills by an average of 25 per cent, including an already enacted 8-per-cent rebate that came into effect in January.

"Not only are we making sure that the 25-per-cent reduction on average will be in place ... then, with the \$5.2 billion that we're able to pull out through market renewal, and other incentives that we'll be able to work with all of our agencies on, [it] will actually help drive those costs down for ratepayers," said Energy Minister Glenn Thibeault on Thursday at Queen's Park.

The Grits' hydro plan will also reduce the global adjustment charge paid by electricity customers by an average of about \$2.5 billion over 10 years, in addition to taking the cost of social programs off hydro bills and putting it on to tax bills. The 8-per-cent rebate will cost approximately \$1 billion annually, the tax-bill upload will run Ontarians about \$2.5 billion over the next three years, and interest payments by customers on the global adjustment refinancing will total at least \$25 billion, the government says.

But the bulk of the market renewal savings would come from moving Ontario's electricity market to a "capacity auction" model, where power producers would be trying to outbid each other to the back-up source of energy for the grid. Ontario currently adds new electricity capacity by signing long-term contracts with companies, locking the province into deals that could be above the fluctuating market price for power.

Additional savings would come from smoothing out the kinks in the electricity system and

switching to a “financially-binding day-ahead market” that would purchase power 24 hours before it is needed, rather than the current model of buying electricity every five minutes.

But, according to a summary of comments the IESO received from the energy sector, there are a fair share of concerns about the government interfering in the electricity market.

“Governance will become increasingly important as the market renewal initiative rolls out,” said a May 3 update from the IESO, summing up advice the agency received from industry representatives at a Feb. 1 meeting. “Currently there is little to no recourse for stakeholders when changes or decisions have a negative impact on them.”

The industry representatives also said customers must have a “common understanding” of the benefits for them and that the focus of the reforms must be kept on power prices and access to the markets.

The reps told the IESO that the agency may have to break some bad news to the government: that its tinkering could undercut the electricity market. One example given was the agreement between Ontario and Quebec, wherein the former is guaranteed hydro power from the latter. The Liberal government said this could reduce costs for electricity customers by about \$70 million, but the deal was singled out by the industry as an example of an unwelcome intrusion in the market.

“The more the government operates unilaterally, the less confidence there will be in the market,” said the update. “The Ontario-Quebec deal, and other out-of-market solutions like it, undermines investor confidence in the marketplace. Putting blocks and limits around these would be helpful.”

The IESO responded that, with the benefits finalized, “the transition to the design phase has started.”

“The IESO appreciates that governance is a concern for stakeholders and will continue to share those concerns with government,” adds the agency.

But Thibeault says the government has to keep an eye out for the public’s interest as well.

“The government will always have a role in making sure that we’re doing the right thing for ratepayers and doing the right thing to ensure that we have transmission and generation in our province,” said Thibeault.

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2). Seen: Lineup set for commission studying northern riding boundaries

By: Sabrina Nanji

The roster for the commission to study whether Ontario's two northernmost ridings will be split into three or four districts for the 2018 general election has been set.

According to orders-in-council published April 28, the Far North Electoral Boundaries Commission includes four members - Chief Electoral Officer Greg Essensa, University of Ottawa Professor Michael Pal, Eric Fisher of Kenora and M. Therese Hall of North Bay. The commission will be chaired by Justice Joyce Pelletier, from Thunder Bay.

The commission will work throughout the summer to determine whether there will be 122, 123 or 124 seats up for grabs in the next election, up from the current 107 seats.

Ontario's new boundaries will match that of the federal ridings, with the exception of the far north. The province established the commission to study whether the two northernmost ridings – Timmins-James Bay, held by NDP MPP Gilles Bisson, and Kenora-Rainy River, represented by NDP MPP Sarah Campbell – will be split into one or two extra seats.

Last fall, through Bill 45, the Election Statute Law Amendment Act, the government decided two of the seats on the commission would be reserved for indigenous representatives from the area, one for a faculty member of a university, and one for Essensa.

Attorney General Yasir Naqvi's office told QP Briefing in March the legislation to implement the commission's recommendations would be coming in the fall, and that the new riding, or ridings, will be in place in time for the election on June 7, 2018.

Premier Kathleen Wynne had previously said there will be 124 seats up for grabs in 2018, but Naqvi has since walked back her comments, saying it would be unfair to jump to that conclusion before the commission reports back.

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3). Wynne and Tory's relationship undergoing trial by 'fire'

By: Geoff Zochodne

Premier Kathleen Wynne and Toronto Mayor John Tory's relationship status could safely be considered complicated at this point in time.

Seizing on comments the Premier made about comments the Mayor had made – Wynne claimed there had been statements “made out of city hall that are simply not true” – Progressive Conservative Leader Patrick Brown deployed some playground language during Thursday’s question period.

“The Premier is trying to imply that Mayor John Tory and his city council are not telling the truth to the people of Ontario,” said Brown, who paid a visit to Tory earlier this week. “She might as well be saying ‘liar, liar, pants on fire’ the way she’s castigating this city hall.”

Despite recent reports of a growing spat between Wynne and Tory, the Premier insisted it’s just a bump in the road.

“We have a long-standing relationship, one born in conflict but forged in those days of conflict into a very strong bond,” Wynne said during Thursday’s question period. “The reality is that there’s a disagreement at this moment, and I understand that there will be disagreements from time to time. But my modus operandi is to keep talking to make sure that we find a way through the challenges and that we get to a good place, because the people of this province and the people of this city and every municipality in Ontario want all levels of government working together.”

Cracks in the Wynne-Tory bond began to show after the Premier denied the Mayor road tolls for Toronto’s Don Valley Parkway and the Gardiner Expressway. The decision prompted Tory’s now infamous quip that he was sick of being treated like a “little boy going up to Queen’s Park in short pants.”

The relationship got rockier after the release of Ontario’s budget last week, which Tory said had not met the needs of Toronto. He then dropped off pamphlets at a Toronto Community Housing complex that pointed a finger at the province for the city’s funding shortfall, a gesture that Transportation Minister Steven Del Duca said was “a little bit over the line.”

Tory reportedly said Thursday that “those who have the greatest ability to raise money have not stepped up.” But Wynne maintained that the province is providing a solid chunk of change for affordable housing in Toronto, as part of \$2 billion being spent across the province over the next three years.

“We are there, we are investing and we are working with the city and with the federal government because we need all players at the table,” said Wynne. “But we’re already there.”

Brown, however, claimed the Premier’s relationship with mayors both past and present have turned sour.

“The Premier refused to meet with Mayor Ford, and now the Premier is attacking Mayor John Tory,” said Brown. “There is one common denominator here in this equation, and that’s the Premier.”

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4). Three things to know about Ontario's latest segregation review

By: Sabrina Nanji

Howard Sapers' much-anticipated report on segregation in provincial jails was made public Thursday and signals a turning point for the corrections minister, who reinforced a commitment to reform with the promise of legislation and two new jails in Ottawa and Thunder Bay.

What Sapers recommended, at a glance

Sapers, the province's independent adviser on corrections reform, made 63 recommendations, including that segregation be capped at 15 days across the board, and for no more than 60 days within a year without explicit consent from the minister.

He also said those in need of medical observation or isolation for health reasons should be sent to a hospital, or held in a medical unit, as opposed to solitary confinement – last year, more than 1,300 men and women spent 60 or more aggregate days inside a segregation cell, confined for at least 22 hours a day with scant human interaction. Last fall, there were five individuals that had been kept in solitary confinement for more than three years.

"Too many of those in segregation simply should not be held in such restrictive custody," Sapers said at Queen's Park. "Segregation should not be the default to manage individuals with complex needs, including those with mental health issues, those at risk of self-harm or suicide, the disabled or the critically ill needing close medical supervision."

For inmates who request to be put in solitary confinement for their own safety, he said there needs to be other options to house them. Some of Sapers' recommendations seemed fairly easy to implement quickly – such as providing inmates in isolation with reading material, or access to a radio or music.

Should the government implement his recommendations, Sapers said that will "catapult Ontario to the forefront" of segregation policy compared to other jurisdictions.

As for a sticker price on the reforms, Sapers said he had the "luxury of not costing" the recommendations, since he was not asked to do so. He has said that "certainly" there will be a requirement to invest, particularly when it comes to infrastructure.

The government response up to now, and beyond

Minister Marie-France Lalonde committed to addressing all 63 recommendations, which will be “anchored” by five key initiatives, according to a release.

That includes new correctional facilities for Ottawa and Thunder Bay. The infamous Ottawa-Carleton Detention Centre (in Lalonde’s riding), will be replaced by a new 725-bed multi-purpose correctional centre, and the Thunder Bay Jail and Thunder Bay Correctional Centre will be replaced with a new facility that can house 325 inmates.

The government is also making moves to shift health-care responsibilities over to the Health Ministry, something that was lauded by Doris Grinspun, CEO of the Registered Nurses Association of Ontario, which has been calling on the province to do just that. The Ontario Ombudsman has also reported the majority of complaints about provincial jails have to do with health care.

“Inmates like any of us are citizens and citizens they deserve the same care before they were incarcerated (as when) they are incarcerated,” Grinspun told reporters at Queen’s Park.

Lalonde said she is working toward capping all forms of segregation at 15 days – the government recently put a 15-day limit for inmates who are put in isolation for disciplinary reasons. Lalonde said she has no “formal timeline” for implementing that measure, and that she wants to first consult with correctional officers.

The government is also going to open up the Ministry of Correctional Services Act, which hasn’t been done since 1990, with new legislation promised in the fall.

Sapers noted many of his recommendations will require a bigger staff complement, and the government has already begun hiring 239 staff (above and beyond a pledge to hire 2,000 correctional officers over three years), including mental health nurses and designated segregation managers.

The road to here

Sapers isn’t the first to try to tackle segregation policy or advise the government on how it can be improved.

Two weeks ago, Ontario Ombudsman Paul Dubé delivered a scathing report on segregation that zeroed in on the failure to properly track and review segregation placements, or define the conditions, thereby making it “impossible to know” who has been held in isolation and for how long. He made 32 recommendations and noted nothing in his report would be news to the Ministry of Community Safety and Correctional Services, which has heard about holes in its data collection system from his office before, and in previous submissions to the government, which embarked on its segregation review in the fall of 2015.

The Dubé and Sapers reports overlap in many aspects, including that new legislation be

introduced and include a definition of “segregation” that refers to the conditions of confinement, as opposed to the physical unit itself, and capping all forms of segregation – disciplinary and administrative – at the United Nations’ standard of 15 days.

Both reports follow the one heard around the province from Human Rights Commissioner Renu Mandhane, who helped put a face to the problems plaguing Ontario’s jails. That would be Adam Capay, a 24-year-old inmate incarcerated at the Thunder Bay Jail who was held in isolation for four years awaiting trial for first-degree murder.

Sapers took up his three-year post as independent adviser in January, after stepping down as the Correctional Investigator of Canada, an ombudsman, if you will, for federal prisoners. He quipped to reporters his experience at the provincial level “was way better,” in part because, “from time to time, there was an adversarial component” at the federal level, and lauded Ontario’s attitude for change.

Thursday’s report was just his first – the province asked him to expedite a report on segregation ahead of a second that will look at broader correctional reform, which is due sometime this summer.

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