

Transcript: Metro Morning interview with Minister Thibeault (May 12, 2017)

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* As requested by Jennifer Beaudry and Blane McPhail

CBC Interview with Energy Minister Glenn Thibeault

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Speaker(s): Glenn Thibeault, Minister of Energy

CBC Host: After the next four years, hydro bills in this province will rise sharply by a total of 61 per cent by 2028. That according to a leaked cabinet document obtained by the Progressive Conservatives. The CBC's Jan Lakes spoke with Ontario PC energy critic Todd Smith about this document.

TODD SMITH, MPP FOR PRINCE EDWARD HASTINGS: It came from a bureaucrat and it was a whistleblower, who is very unhappy about the state of affairs when it comes to the electricity sector and the Ministry of Energy over the last several years. And we thank him very much for providing us the document. The leaked Cabinet document confirms that the fair energy scheme that the Liberals have trotted out is anything but fair for the people of Ontario. What happens after the next election is that electricity prices are going to skyrocket to the highest rates that we've ever seen. The document shows that by 2024, we are at record electricity bills once again in the province of Ontario, so this is only a temporary fix. Unfortunately, what the government hasn't done is actually fix the reason as to why our electricity prices are as high as they are. They're continuing to make the same mistakes and they're not actually dealing with the underlying problem as to why we have the highest electricity bills in North America.

CBC: That's Todd Smith, the Ontario PC energy critic speaking about a leaked Cabinet document that shows hydro bills will spike in the next decade. The Liberals, as they say, are questioning, at the very least, the information in that document. Glenn Thibeault is Ontario's Energy Minister.

GLENN THIBEAULT, MINISTER OF ENERGY: Good morning.

CBC: How much higher are energy rates going to be in five years?

MINISTER THIBEAULT: Right now they're going down by 25 per cent with the legislation that we brought forward. In five years, you know, part of what we do is we project where we see bills going and that's what we've done with the long term energy plan in the past. The 2010, the 2013 and now the 2017 long term energy plan, which is being worked on is what's going to guide us in where we're seeing our projections. But what, you know, what came out yesterday were documents that, you know, we've been working on for months and, you know, we've been talking about this plan for months. And the calculations evolved, and so meaning that the numbers that were shared by the PCs yesterday, they're completely inaccurate because we're continuing to evolve to find ways to take costs out of the system.

CBC: As you can imagine, there are a lot of people who are alarmed by what has come out yesterday, given how difficult hydro rates have been for people in this province and how people put the blame right at

your doorstep. Are prices going to rise 10 per cent between 2027 and 2028?

MINISTER THIBEAULT: There's absolutely no projection that ever talked about seeing the rates go up by 10 per cent. But let's, you know, kind of put this into perspective. So in 2010, the long term energy plan said that our monthly bill today should have been about around \$178. Our 2013 long term energy plan projected that our bills should be at around \$170. And today, before the fair hydro plan takes effect, bills are around \$156 across the province on average. So when you take the 25 per cent reduction that we're bringing forward, that's going to be \$117. So we've seriously reduced those bills and I can understand people's concerns, right. I get that. But, you know, we've been saying all along that we have to spend 50 billion dollars to rebuild our system and that, you know, you can't rebuild a system quickly. So you go back to 2003 when we have those blackouts, we made a choice then to rebuild our system, make sure that it was reliable and clean. And as many of your listeners would know, by eliminating coal, that came with a cost, we also haven't had a smog day (inaudible).

CBC: With respect though, that's not what people are talking about when it comes to these documents. What they're talking about is the fact that people believe, based on these documents, that hydro rates are going to, in the words of Progressive Conservatives, skyrocket in the years following the election. That, yes, you have reduced rates - people are thankful that you've reduced rates - but it's short term pain for a lot of long term gain. Is that fair?

MINISTER THIBEAULT: No I don't think that's fair. We've been talking about holding rates down to the cost of inflation for the next four years. We're also talking about pulling costs out of the system by working with our system operator to look at changing the way our energy is procured - our market reform, our capacity auction - that's pulling cost out of the system. One of the ways that we were able to pull costs out of the system when the 2013 long term energy plan said we were supposed to be at about 170 - and we're now at 156 on average - we did that by renegotiating the Samsung contract by saving 3.5 billion dollars that, you know, the suspending of the LRP 2 contract, which pulled out billions of dollars. We're going to continue to do that. And that's why, you know, the documents that are talked about yesterday, they're only projections, right. We go through this over and over again, and ask our, you know, our officials to do better, we talk with our stakeholders. We make sure that we find ways to pull those costs out of the system to keep it as affordable as possible. And with a 25 per cent reduction, we're now starting at a much lower place, especially on average if we're looking at about \$117.

CBC: The timing of this though is what's key. That this is, people believe, a way of cutting rates to save your political skin. That after that election, the election's over, and you're not worried. Right now, you're facing a lot of political heat. If the polls are to be believed, your party is in big trouble for a number of reasons, but in large part because of what people are paying for electricity. So you're denying that this has anything to do with politics?

MINISTER THIBEAULT: What we've brought forward is a plan that, as I said, is reducing everyone's rates by 25 per cent in, you know, the northern part of the province, where I'm from. We're reducing rates and some of those stories that we heard about folks that, you know, we're spending eight to nine hundred dollars. So in my opinion, in politics, it's never an issue to do the right thing. And bringing forward this bill was the right thing to do. And you know what, I'm actually very proud of this bill in the sense that how it's actually going to structurally change the way we deliver electricity, procure power, and make sure that we help families not have to make that choice between eating and heating (inaudible).

CBC: When most families have been having to make that choice and when a document comes out saying "top secret cabinet document" and it suggests that rates are going to skyrocket, in many ways it's a trust issue, and people wonder why they should trust your government when it comes to setting energy rates that are affordable. Why should we trust you?

MINISTER THIBEAULT: Well you know, what I understand where people are very concerned on that. And when it comes to trust, I also try to make sure that people look to other stakeholders that are trusting what we're doing. And the Ontario Energy Board, which is our quasi-judicial regulator, that is, you know, not involved, you know, we have no say, right. They're the regulator. In anticipation of the Fair Hydro Plan in which we reduce bills by 25 per cent, they brought forward a 9 per cent reduction in anticipation of our legislation. So they trust what we're doing when it comes to making sure that we're working on reducing bills. And they also trust that our long term energy plan - the ones that we have brought forward in the past - are projections that are finding ways that we can continue to take costs out of the system, but work with stakeholders to continue to make our energy and our capacity and our generation as affordable as possible.

CBC: And so for those who say that it'll be us in future, but also our children, perhaps grandchildren that'll

be paying for the drop in hydro rates in the year before an election, what do you say to them?

MINISTER THIBEAULT: Well, it's important to look at what we've done, right? So when we've refinanced the global adjustment, we're refinancing many of the generating capacity - the pieces of equipment, right. Our solar panels, our windmills, those types of things. When we first finance those, we finance those over 20 years. That meant that we're paying it off quicker, but we are actually paying a lot more. And these pieces of equipment will actually last a lot longer than 20 years.

CBC: I don't mean to interrupt, but one of the things is when you talk about those terms, they don't mean things to anybody. What they mean to a lot of people is, they don't understand why it is that their rates are so high - why we pay some of the highest rates for electricity in North America.

MINISTER THIBEAULT: Well, and so there's two things to that. We don't pay some of the highest rates, we're right smack dab in the middle. And with this 25 per cent reduction, we're actually going to actually get those costs reviewed. But what I was getting to, Matt, was we're making sure that there's fairness; that everyone that actually is going to be using these assets pays for the assets. We've always said, yes it's going to cost us more, and yes it's going to be taking longer to pay off, but it is a fair thing to do for now and for the future.

CBC: All right, we'll leave it there. I do appreciate you walking us through this. It is important, as you well know. Glenn Thibeault, thank you.

MINISTER THIBEAULT: Thanks, pleasure talking to you and your listeners.

CBC: Glenn Thibeault is Ontario's Energy Minister. Your thoughts around the government's plans of hydro rates would be welcome.