

# Transcript: Premier Wynne's Avail at Ontario Fair Hydro Plan Announcement (Mar 2)

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**From:** "Stinson, Jeffrey (CAB)" <jeffrey.stinson@ontario.ca>  
**To:** "@CAB-QPscrums" <cab-qpscrums@msgov.gov.on.ca>  
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## PREMIER WYNNE'S AVAIL AT ONTARIO FAIR HYDRO PLAN ANNOUNCEMENT

Date: March 2, 2017

Length: 23:11 minutes

Speaker(s): Premier Kathleen Wynne; Glenn Thibeault, Minister of Energy

Q: Premier do you think that this is-- this measure, these measures, this package, this bucket of measures is going to be enough to get your Liberal government out of the tail-spin that it's been in largely over the hydro rates? Yes the province's economy is doing better than other parts of the country but I think the hydro bill-- the rising hydro costs have become an issue that people are fixated on and you've become the face of that. I'm wondering if you are thinking that this will maybe save your bacon politically.

PREMIER KATHLEEN WYNNE: So these changes, this fix to policy that that wasn't working is about helping people to deal with their electricity bills. So I don't expect-- I don't expect a celebration as we make these announcements today. People are struggling with electricity costs that are too much for their families to bear. So you know, stretching the costs over 30 years, recognizing the distribution costs in some parts of the province are too high and recognizing that whatever fix we put in place has to last, has to be in place for a number of years. That's the help that we're putting in place for people and so from my perspective what's going to be really important is that by summer people who are struggling with their electricity costs are going to see that reduction. What that means in terms of their perception of me or the government is very much secondary because the people I've talked to, they're not they're not raising these issues for political reasons. They're raising these issues because they're struggling with their electricity bills. So the fix that I put in place that we put in place has to address those very real burdens that people are carrying.

Q: Follow-up just quickly, so that means you are going to stick around as Liberal leader and Premier until June 7, 2018?

PREMIER WYNNE: Yes I am, but they're two separate issues-- they are two separate issues.

Q: [Speaking French]

PREMIER WYNNE: Okay, just so I'm clear you're asking the political—

Q: [Inaudible]

PREMIER WYNNE: Yes, so it's the same question. Okay.

[Speaking French]

[Speaking English] We must bring those electricity prices down. People are bearing too many costs right now and we must change that.

Q: [Speaking French]

PREMIER WYNNE: [Speaking French]

Q: One, are you not concerned that you are just moving this debt down the road? A future generation is going to have pay for this. And you don't even really know how much it's going to cost because you don't know what the interest costs over 30 years are going to be.

PREMIER WYNNE: So again I want to use the analogy of a mortgage because what has happened to this point is that we have been paying down a mortgage very quickly, very upfront costs, and what we have said is that because these assets, the things that we have built are going to last much longer, that 30 year time period makes much more sense. So what we're saying is yes people today have to pay a certain amount but they shouldn't have to pay a disproportionate amount for an asset that is going to last for a longer period of time. So re-mortgaging the system in effect and spreading those costs over 30 years is a much fairer way of approaching this.

Q: You are pushing those costs to another generation, pushing it down the line--

PREMIER WYNNE: No, you know the reality is that people today are still paying and they have been paying and they will continue to pay but they need to pay a fairer freight. And so asking people today to pay something and to pay people-- and to ask people in the future to pay something towards assets that we all are going to use, I think that's the fairness in the change that we're making.

Q: How can you afford this Premier? Right now in the costs you've got a billion dollars a year in the 8-per-cent HST, you've got the 2.5-billion from [Inaudible]. So that's 5.5-billion shifting to the treasury over three years. Where are you getting this money?

PREMIER WYNNE: Well as I said in my remarks, we are in this situation right now because Ontario's economy is growing. Because we actually have the capacity to take on these extra costs, this is the time to do this. You know it's the time to take what are essentially social programs; you know if you think about the Ontario Electricity Support Program, that's a program that helps people who are living on low income to be able to afford their electricity bills. I think it's only fair that that social program should be borne by all of us. And that's why taking it off the electricity bills and putting it onto the broader the broader population, that's the kind of structural change that makes sense. And because we are, you know we're on track to eliminate the deficit, to balance our budget next year. We have the fiscal room to do that. And it is again that is the fair thing to do.

Q: So is this one big social program?

PREMIER WYNNE: Well no because we're doing a number of things. We're doing a number of things and maybe I'll let the minister speak to that.

GLENN THIBEAULT, MINISTER OF ENERGY: Sure. So in relation to many of the programs that we're bringing forward; there's the RRRP, there's that new affordability fund which is something which will help you know many families who aren't necessarily on the low income piece, and then of course the RRRP. Broadening the RRRP is key for us. But it's-- you can always do the right thing and by making sure that we're working out to make our electricity system fair for everyone right across the province from Kenora to Windsor to Ottawa. This is something that's going to help everyone. And you know we're still moving forward with our long term energy plan which is going to continue. I think the important way of removing the spikes that we have in the system and to keep driving costs down. So we are bringing forward today, as the premier has mentioned, the largest reduction in electricity rates in our province's history because we know families need help now and we're going to continue to find ways to drive costs down as we continue to move forward. All the while still having a system that is clean, that is reliable, and that is 90-per-cent emissions free to ensure that we can make sure that our future generations have that clean air to breathe.

Q: You talked-- in your remarks you mentioned [Inaudible] could you define rural?

PREMIER WYNNE: So I'm going to let the minister speak to that definition but I just want to say something about distribution charge because I've heard about this a lot and to the point about fair policy. What people in some of the more remote and rural areas have said to me is because electricity is essential, They can't live without electricity, they need that electricity, and because the distribution charges in some of our more dense urban communities are much lower, the distribution charges are much lower than in those rural communities, how is that fair when that's a charge, that's a charge that they don't have control over. You know, people are, people are happy to pay for the electricity that they use. But when they feel that they're being asked to pay for something that they have no control over, and that goes up and down and month by month, that is a challenge. So what we've said is in those areas where there's a disproportionate delivery charge being paid, we are going to level that off and we're going to take that into the, into the tax base, take it off the rate base, so that everyone in the province will pay around, in terms of distribution charge, will pay around the same amount as an urban user would pay. So the Minister can speak to the specifics of that.

MINISTER THIBEAULT: So the triple RP is being broadened to support 7 LDCs, and Hydro One R2 and R1 customers, to bring them in line, as the Premier was saying, in terms of urban customers. The way I explain this is downtown Toronto, downtown Sudbury, downtown London, you have 500 people on one pole. In the rural parts of our province, you have a five hundred poles to get to one person. They have been paying a higher proportion on their distribution rate. For example, an R2 customer, we talked about in September an R2 customer getting an additional \$45, bringing them to a \$60 rebate. But that still leaves them proportionally higher than everyone else. On average if it was...let's talk about a larger farmhouse that hasn't had their windows upgraded in a little bit, they're using electric heat and they are about 2,000 kilowatts an hour, right, over the month of usage. They're paying approximately 200, \$210, 175, you know, depending on the average on their distribution. Now take off the 60 that we implemented from the fall economic statement. Now enhancing the RRRP for that R2 customer, they're getting an additional 75 bucks off, bringing them down to the average that everyone will see. This is happening for R2 customers, but it never happened for anyone else before. We're now saying R1 customers who are, you know, small communities, not the person that's living, you know, out there in the rural part on their own, they're going to see a significant reduction, as well, on their distribution rate of about \$59 on average, again, depending on where they fit. And even in those seven other places - Algoma, Atikokan, Chapleua, (inaudible) which is south of Barrie, Sioux Lookout - there are, you know, many other places that will see these reductions bringing them in line. So their reduction is going to be more than the 25 per cent because they get that reduction, plus the RRRP. So for those folks who have had those, you know, those those higher bills we've heard that loud and clear and we've addressed that.

Q: Premier, is there anything in this to help people who have had their electricity cut off, that owe utilities huge amounts of money, they've had them reconnected because it is now winter, presumably they'll have them disconnected once it becomes spring; is there anything here to help those people with large amounts of money that they owe (inaudible)?

PREMIER WYNNE: So, so they will - I'm going to let the Minister speak to that - but they will, they will see these reductions in their bills going forward. You're asking about the backlog and that becomes a conversation with the distribution company. And it is something that that we're concerned about. We've put in place, we put in place the fund. And I'm going to let Glenn speak to that.

MINISTER THIBEAULT: So the affordability fund is something to actually help the people that you're specifically talking about that are stuck in that cycle, right. So they finally get caught up because they work with their LDCs, they get put onto a payment plan, but then it just continues to grow again. The affordability fund has been put in place to ensure that these individuals can now work with their LDC, go to the trust that's going to be handled by Hydro One, and then get access to upgrades to help them upgrade their windows, you know, change their lights, even look at getting a cold air source heat pump that will actually help them reduce their bills even more, so they get out of that cycle. So this fund is actually going to be utilized to look at all of those aspects of helping those individuals and those families, so they don't get caught in that cycle again, so we can move forward,

work with the LDCs. And that's the important piece about having this fund and bringing forward this up to 200 million dollars. It's a very important fund that will help many.

Q: They have to pay back the money that they already owe?

MINISTER THIBEAULT: They will have to pay back what they owe, but they do have the opportunity of working with the LDC, the winter disconnect piece that we just brought forward is allowing the OEB to work with our LDCs. But there is legislation that we brought forward giving the OEB power to protect consumers before they even get disconnected, to ensure that they can actually set themselves up with a payment plan, working with the LDCs. And this fund will actually help the LDCs and those families even more avoid those altogether.

Q: Premier, in 2010, about a year before the election, McGuinty brought in a plan to cut hydro rates (inaudible). In 2002, Ernie Eves froze electricity rates, again, about a year before the election. Your plan coming out now, about a year before the election. How is what you are doing any different from these other (inaudible)?

PREMIER WYNNE: Well, in fact we're, we're making some structural changes that that are going to be sustainable over the long term. And I think that's that's the point of what we're what we're saying today that, you know, remortgaging the system, making these changes in terms of policies that have put on a rate base things that actually should be on the tax base, those are fundamental changes in the system. And that's the, that's the difference. Today we are recognizing that there were, you know, there were, there were decisions that were made that really need to be fixed. And that's the fix that we're putting in place. It's sustainable. You know, that 25 per cent reduction across the board, that is going to benefit everybody and it will, it will benefit people into the future. It's not just, it's not just going to help people for a year. It's not going to, it's not going to mean that in in six months or eight months or 12 months they'll see their prices go up because it was a band-aid solution. They are structural changes that are sustainable and are are basically going to change the system well into the future.

Q: Well into the future

PREMIER WYNNE: Well, and the...well, and that's where, that's where the writing of the long-term energy plan is important and the Minister is working on that now. And, you know, you're right, there are there are projections that have been, that have been put forward in our long-term energy plans before. They've always gone down, the actual costs have always gone down in relation to the long-term energy plan. And so, you're right, we don't, we don't have the exact numbers going forward. But that's the point of having a long-term energy plan, so I don't know if you want to add to that.

MINISTER THIBEAULT: Just to add on that, Premier, thank you. So we have the long term energy plan and I know we can talk about the examples, you're probably already aware of many of them right, the renegotiating of the Samsung contract, the renegotiating of our FIT prices. All of that stuff if you were to look at what we've done and how we've reduced rates from 2010 in that long term energy plan to 2013 and now with our outlook we are seeing reductions that will continue to help us drive our costs down and that's the focus moving forward. Once I'm done with this announcement we're going to continue to work on the long term energy plan to continue to have rates going down. And let's not forget about the OEB. Part of this plan is to ensure that we work with the OEB and the 70 LDCs to ensure that we can find and continue to find ways to reduce costs from the system. And so we're talking about market reform right, but we're also asking the OEB to do many other things that will find ways to cost -- to drive costs down. Market reform for example by 2021 is going to help us reduce costs by \$200 million. So that is significant and we're going to continue to find ways to make this the most cost- efficient system, the best system that we have that still stays clean and reliable but make it the most affordable that we can.

PREMIER WYNNE: And people -- I guess I just need to come back to this, people have said that over the last few years, and they you know, they can they can point to two, three years, they have said that their costs are going up too quickly and they're going up too much. And so we know that the relief that's needed is immediate. And we also know that we need to make that sustainable and

that's what we're doing.

Q: How long is it going to take you to get to the point where you can do the (inaudible) capacity auctions when you can throw hydro supplies out to the lowest bidder? Is that what you were just talking about? By 2021? You know doing it bottom up instead of top down?

MINISTER THIBEAULT: Yes so those are things that we have been working on right now with our system operator. The system operator has been at that you know, for the last year or so. I know that I've been talking to many of you about this already. The OEB has pilot projects underway when it's coming to you know, pricing plans. So we are looking at all options that are out there but working with our stakeholders and working with the industry to ensure that we can take those costs out. So you know I'm using one example when it comes to capacity auction but there's many other things like demand response and you know, there's lots of opportunities that are out there for us to continue to drive costs down and we're going to you know, leave no stone unturned when it comes to that when we work with our system operator.

PREMIER WYNNE: Okay here and then I'll go to the other one.

Q: When you pay off a mortgage and you have a house you can (inaudible) you can't do that in this case. So how is this not just again, short term gain but long term pain all in the (inaudible).

PREMIER WYNNE: Well, this is a change that is going to be spread over 30 years. You know these are assets that are going to be useful to the people of Ontario over a 30 year period and all we're saying is that we think that that's the payment schedule. That should be the payment schedule rather than it being front-end loaded to people right now. There should be obviously, and there is a cost associated for people right now but we also believe that over the 30 years of the life of that asset it's reasonable to suggest that people should be bearing that -- sharing that cost.

MINISTER THIBEAULT: Can I add a point on that?

PREMIER WYNNE: Yeah.

MINISTER THIBEAULT: In relation to your talking about the house, our assets are still standing. We're still going to have windmills that we're paying for. We front-end load it at 20 years which are going to last 30. We're still going to have hydroelectric dams that we're paying for that are going to last a lot longer than that. You know, we have solar farms. So we have assets that we are making sure that we are counting as our house that is important. That's what we're doing on that piece.

Q: Are you going to sell them at the end of it? Make (inaudible)?

PREMIER WYNNE: We're using them. We're going to be using them.

MINISTER THIBEAULT: Yes we're going to continue to use them.

PREMIER WYNNE: The people of Ontario going to use them so that the electricity will continue to flow.

Q: [Speaking French]

PREMIER WYNNE: [Speaking French]

[Speaking English] Right now Ontarians need to pay less. That's what they're saying to us. The electricity prices have gone up too much, too high and so right now they need relief.

Q: [Speaking French]

PREMIER WYNNE: But those 30 years, over those 30 years those assets are going to benefit people for that period of time and so having those assets in place and asking that this generation and the

next generation share the costs of those assets from which they're all going to benefit, that's fair.

Q: I'm wondering what you would say to people who would say that this decision fits the pattern of this government, running deficits, taking on debt, that this is just an irresponsible thing to do, an irresponsible way to solve this problem?

PREMIER WYNNE: Well, what I would say is that the policy that has been in place and the reality that government after government of all political stripes has neglected the system and that the system had to be rebuilt and that those costs now have to be borne by people of the province. I would say to them that the fair way of sharing those costs is to spread that cost over a longer period of time. And that's exactly what we're doing. 30 years and the asset has a life of that or longer.

Q: Premier, you telephoned with Libby (inaudible) I understand?

PREMIER WYNNE: I did.

Q: How was that conversation and was she receptive to your plans?

PREMIER WYNNE: She was and I first of all, I thank Libby for – I phoned a few people this morning but Libby was one of them, and I thank Libby for her advocacy because she raised a number of the issues that we're addressing. She raised the overall challenge of electricity bills going up but she also raised the challenge of distribution charge within the delivery charge, that it was too high and that it wasn't fair. And she actually planted the seed of the idea of the affordability fund because she talked to me about you know, having to roll up blankets to keep the air from coming in around her windows. And what she said was that she didn't have enough money to make the upfront investment in those kinds of upgrades. And what the affordability fund will do is it will allow people to apply for money without having to pay for those upfront costs. You know, they will be able to apply for money to do those kinds of retrofits even if they don't have the ability to fully share the cost and pay up front. So Libby was very helpful as were all the people that I've talked to and all the people who have been expressing their concerns for...

Q: Was she just as blunt with you and...

PREMIER WYNNE: She...

Q: [Inaudible] talked about manure right?

PREMIER WYNNE: We didn't talk about manure this morning but I'm quite sure that if what I was suggesting and what we were doing hadn't met the concerns that she had I'm sure she would have told me that. Okay thanks everybody. Merci