

Transcript: Premier Wynne's Regional Media Roundtable Q&A

From: "Law, Sally (CAB)" <sally.law@ontario.ca>
To: "@CAB-Trans PO" <cab-transpo@msgov.gov.on.ca>, "@CAB-Trans CO" <cab-transco@msgov.gov.on.ca>
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PREMIER WYNNE'S REGIONAL MEDIA ROUNDTABLE Q&A

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Speaker(s): Premier Kathleen Wynne

MODERATOR: So let's get started. Joel from the Ottawa XPress, are you on the line?

Q: I am, yeah.

MODERATOR: Okay, perfect. Go ahead, Joel.

Q: Hi Premier Wynne. I'm just curious as to how or if the reduction is going to apply or how it will apply to residents who pay their bills through a local distribution company, not directly to Hydro One?

PREMIER KATHLEEN WYNNE: So we'll be working with all the distribution companies in the province. This isn't just about Hydro One, Joel. This is everyone in the province.

Q: Okay, and just on that same vein, so I guess it's – so it's safe to that with people who pay (inaudible), something like the Oshawa (inaudible), they will have create sort of reduction as well along with the (inaudible)?

PREMIER WYNNE: Absolutely. Yeah. They absolutely will, and it will be in the same range, Joel.

Q: Okay, thank you.

MODERATOR: Okay perfect. Thanks Joel. I think we heard someone who jumped on the call there. Just a quick run through on the rules. We're walking through our list of everyone on the call. Everyone's getting one question and one follow-up. If you've got further questions at the end, then we'll come back to you okay? So moving onto Ryan from Kenora Online. Are you in the call?

Q: (Inaudible)

MODERATOR: Okay, thanks Ryan. We can come back to you later if you want. Down to Abby from 89.5 in Kenora. Are you in the call?

Q: Yeah I am, but I'll pass thanks.

MODERATOR: Okay, thanks Abby. Clarke in North Bay. Go to North Bay –

PREMIER WYNNE: Can I just make – sorry, can I just make a comment – it just (inaudible) for me, the

Kenora and – who was the other northerners, another northern – I guess they were both Kenora. I just wanted to say one of the parts of the plan that I didn't mention is that First Nation communities – so reserves in the province, we've been meeting with the regional chief and the leadership, and we know that there have been very, very difficult distribution charges, delivery charges, for those communities and we're actually – part of the plan we're actually removing those distribution charges entirely for on reserve electricity users.

MODERATOR: So Clarke from Cogeco North Bay. Are you in the call?

Q: I am.

MODERATOR: Any questions for the Premier today?

Q: Yes, I do have one.

PREMIER WYNNE: Hi Clarke.

Q: Hi Premier, how are you today?

PREMIER WYNNE: Good.

Q: Good. First off, (inaudible) political decision (inaudible) Member of Parliament (inaudible). Are you able to comment on that and whether or not it was a political decision to (inaudible)?

PREMIER WYNNE: No – so this was an – this was a decision by OPG, you know. Whenever there's a job loss in Ontario, it's a difficult time for families and I certainly – certainly they are in my thoughts. But this was a decision by OPG and, you know, we're focused on reducing folks' electricity rates around the province. That's really what our focus has been and I can't comment on OPG's business decision.

Q: Okay thank you.

PREMIER WYNNE: Okay.

MODERATOR: Okay thanks Clarke. Over to Margaret from Gazette. Are you on the line?

Q: Yes, yes. Hi Premier.

MODERATOR: Hi Margaret.

Q: I have a question (inaudible). And if there's a way (inaudible), that would be great.

PREMIER WYNNE: You get to have a supplementary.

Q: Yes. I have a question about the Affordability Fund. If you can maybe say a few words – I was at a meeting with Minister Thibeault yesterday but I didn't get to ask that question, so if you can maybe talk about how this is going to work and how this can make it easier for people to get access to certain things like, for example, better insulation, better – with the doors or whatever, (inaudible).

PREMIER WYNNE: Yeah, this is an important thing. Thanks for asking that, Margaret. So there is already in place a fund for people living on very low income that they can apply to in order to do retrofits in their homes – light bulbs, window, you know, weather stripping, windows, and so on. What we realized in developing this plan is that people who are on modest but not necessarily very low income still don't always have the money to put into a retrofit in their homes to buy, for example, a heat pump, or to fix windows, and so we're putting in place a \$200 million fund, Margaret, that people who don't qualify for the low income fund will be able to apply to. And what it will do is it will help them if they are – if they're on the margin in terms of, you know, falling into arrears or they're have trouble paying their bill even with the reduction, they can apply to this fund, make the upgrades in their homes and they won't have to put out the whole amount right up front.

They'll get some support, they'll be able to make those changes, and then their electricity bills will be more affordable. So that's the idea of the fund.

Q: Yeah but – sorry, is there any way you can say what will be the bracket or...?

PREMIER WYNNE: Oh in terms of who will – those details are just being worked out. In terms of how exactly people will apply and the income range it will apply to, that's being worked out right now.

Q: Okay.

PREMIER WYNNE: Okay?

MODERATOR: Thank you Margaret. Jeff from Bay Today. Are you on the line? Jeff, are you there?

Q: (Inaudible)

MODERATOR: Hey Jeff.

Q: Can you hear me?

MODERATOR: Yes we can hear you know.

Q: Oh good, thanks. Thanks for taking my question, Premier.

PREMIER WYNNE: Hi Jeff.

Q: I'm going to follow-up on Clarke's question about (inaudible) from OPG? And regarding your announcement about the lowering of the energy rates back on March 2nd, what discussions did you have with the Energy Ministry about delaying that announcement of moving 40 jobs out of North Bay and (inaudible) an outcome?

PREMIER WYNNE: I didn't have any discussions with the Ministry. As I said, it was an OPG decision. I don't know who they had discussions with at this point. I certainly didn't have any discussions with them. It was an OPG staffing decision. You know, as I said, my heart goes out to anyone in Ontario who loses their job. It's a very hard thing for families. Our focus has been on reducing people's electricity bills. You'll have to talk to OPG about their business decision.

Q: Okay, so nobody from the government then talked to –

PREMIER WYNNE: Well I – you know what, I can't say that, Jeff. You asked me what conversations I had had. I didn't have any conversations with OPG. I can't tell you – I mean I'm sure there are officials who talk all the time. I really don't know. But I can't comment on their business decision.

Q: Okay, thank you.

PREMIER WYNNE: Okay.

MODERATOR: Okay, thanks Jeff. Brian from Global. Are you on the line?

Q: Yeah, I am. Can you hear me?

MODERATOR: Yeah, we can hear you.

Q: Okay perfect. Thanks for taking my question, Premier.

PREMIER WYNNE: Okay, nice to talk to you Brian.

Q: Great. So I just have a question – it is related to OPG as well, but one of the things that was announced recently was that OPG will look to increasing the amount of time by which they recover

the costs of the nuclear refurbishment at Darlington. So they say they're going to reduce the average impact on bills from \$1.5 per month to about \$0.62 – so a 40 per cent reduction in the effect onto bills. So if you look at the OPG's original rate application, a simple reduction from 11 per cent increase per year to 8 per cent per year will add about \$4.5 billion to the cost of the project in interests. Has this been calculated into the government's costs, the cost of reducing energy bills now?

PREMIER WYNNE: So the – all of those costs are, as I understand, they are included in the global adjustment, Brian. And so I actually can't speak to that specific decision, but what I can tell you is that the spreading out that we are doing over the 30 years as opposed to the 20 years is about, you know, a longer repayment period for those investments and there's a premium attached to that. I mean we've been quite upfront about that. It's the same as a mortgage. You end up paying more but you can afford the payments, and that's why we're doing this.

Q: Yeah, yeah absolutely. I mean the impact on – we're looking at about \$0.45 per month. So you know \$5 per year, but it's going to cost us an extra \$4 billion or somewhere around there. Is that worth it?

PREMIER WYNNE: The numbers are big. This is a system that has had \$50 billion of investments over the last decade. So it's a huge system. Every time you tweak something, the numbers are very large. But is it worth it? Yeah. It is worth it to lower people's electricity bills today, people who can't afford to pay the rent or buy food for their kids. It is worth it to lower those electricity bills and ask the next generation, and the generation after that, to pay a little bit more for the infrastructure that they are going to use. Overall, we as Ontarians pay a little more, but it means that each generation can afford to pay for those assets.

Q: Thank you.

PREMIER WYNNE: Okay.

MODERATOR: Alright, thanks Brian. Mike from (inaudible). Mike, are you there? And Jamie from the (inaudible) Press, are you on the call? Is Jamie there? Okay, so we've also got a few people in the room with us today. So I think what's easiest, and everyone on the call will be able to hear this Q and A – we'll be able to come back to you at the end for further questions if you have any. I think we can just go around the table here, and we'll go from there.

Q: Thank you, (inaudible). I don't have a question; I just appreciate your (inaudible).

PREMIER WYNNE: Thank you. Thanks for being here.

Q: (Inaudible) is a flat reduction, but what about the people who have small businesses, (inaudible)? Do they have to apply for special programs to get this reduction?

PREMIER WYNNE: For residents, it's an average 25 per cent reduction. We think it will be between 23 and 28 per cent (inaudible) so it will be in that range. For very small businesses, and I think about Main Street, a Mom-and-Pop business, they are on the residential plan. They will also see that same 25 per cent reduction. For larger companies the industrial conservation initiatives, so the ICI program, applies to business that use 1 to 5 megawatts of power, and we're reducing that down to 0.5 megawatts. We're making smaller businesses eligible, and then there are some businesses that won't qualify for that, but they will still get 2 or 3 per cent reductions. So everybody is going to see some reduction, but it will depend on the size of the business.

Q: One more thing (inaudible). Another issue (inaudible) we are expecting (inaudible).

PREMIER WYNNE: Auto insurance is complicated. There are some companies – we've seen a reduction of (inaudible) to 10 per cent on average in auto insurance. Some companies have lowered their auto insurance rates by 15 per cent. We're still working to find more savings. (Inaudible).

Q: Thank you.

PREMIER WYNNE: Thanks.

Q: Hi, my name is (inaudible). My question is, on the (inaudible). How often will this be (inaudible)?

PREMIER WYNNE: Here's the ideal scenario from my perspective. We have a long-term energy plan process that is ongoing, and every few years, we bring out a new long-term energy plan. As part of that, we are always looking for ways to take costs out of the system. At the same time as we continue to build a strong electricity system, there are still some communities in Northern Ontario that are not connected to the electricity grid. There is still work to be done in Ontario to make sure that everybody has equal access to clean, reliable electricity. That process is every few years. I think it is every three to five years we develop a new long-term energy plan. We will continue to look for ways to reduce costs over time, so that the projected costs in the (inaudible) years, we hope by the time we get there, those costs will come down because there will be new technologies, for example, that will help people to save even more money. But, I will say that, when I think about the ideal scenario, I hope that as we go 10, 20, 30, 35 years down the road, governments will make better decisions about building in an incremental way that they won't neglect the system so that what happened in 2003, when we came along and the system had been neglected for years, we had to make these massive investments. My hope would be that governments now, and as we go into the future, will invest in a more rational way and spread the cost over a more reasonable period of time. And then, you won't see a spike in costs because there's been neglect in the system.

Q: (Inaudible) let's say in the long run, another government comes in. Will they be able to, for example, with a new plan just cancel this and do something else?

PREMIER WYNNE: Well, I have the solution to that.

Q: (Inaudible)

PREMIER WYNNE: We think that this is a very reasonable, sensible thing to do. We will certainly keep it in place as long as we are in office. It would be my sincere hope that any government would see that this is rational, and would keep the plan in place because it's going to help people.

Q: Thank you. (Inaudible) Are we thinking about (inaudible) to reduce more costs on electricity, and my second question is...

PREMIER WYNNE: Do you mean building more solar?

Q: Yes. And my second question: I don't think we should pay HST or any other taxes on that. What do you think about that?

PREMIER WYNNE: So, I will answer the second question first. We actually took out the provincial portion of the HST off. We don't have control over the federal portion, but we took the provincial portion which is the 8 per cent. That's off people's bills. That's part of the 25 per cent reduction. One of the things about the NDP plan that was so problematic is that they said they're going to get the federal government to take their portion of the HST off. There's no practical way to do that. We have realistically removed that 8 percent off of electricity bills. On solar, yes, there will be more solar power bills. Solar power has gotten much cheaper over the last few years, and there will be more solar, particularly, individuals and small solar installations. And there will be new technology that will come into play because one of the challenges with wind and solar is storage. We know that there are new storage technologies being developed, and so we're going to be working with those companies to make sure that Ontario is the leader in that time of new innovation.

Q: Thank you very much.

PREMIER WYNNE: You're very welcome.

Q: [Speaking French]

PREMIER WYNNE: Just so I am clear, your question is how are we going to recoup that money? [Speaking French] Our economy is strong at the moment. We are leaders in Canada here in Ontario.

Q: [Speaking French]

PREMIER WYNNE: [Speaking French]

Q: [Speaking French]

PREMIER WYNNE: [Speaking French]

Q: When we look at utilities, there's B.C., Manitoba and Quebec which all have a utility which is a monopoly within the province and all have the lowest rates in Canada. In addition to historical underinvestment (inaudible) is part of the problem, it is also the aspect that you broke up the monopoly in Ontario that became Hydro One, OPG -

PREMIER WYNNE: I did not do that. It was done, yes.

Q: As a consequence, hydro - OPG was essentially kept from investing in newer renewable technologies such as solar and wind and consequently we ended up with this global adjustment because the other companies have had to get contracts that allow them to recover their capital. So not only overinvesting in capacity levels but overbuying electricity. I just wonder if there is any consideration of trying to move us back to something - I know you are expecting the financing to be done by OPG in this extension but I am just wondering if there is any opportunity to consider putting it back together so you can stop cross-subsidize, reduce the risk from individuals.

PREMIER WYNNE: So let me first say that there are other reasons if you look at Quebec, there are other reasons for low electricity prices. Water power. We are buying power from Quebec and we are trading power with Quebec so I want to do more of that. I think it makes sense, and on balance there is a benefit to the people of Ontario in the sale and purchase of power that we make. I am going to be honest with you, for a fleeting moment I looked at and we thought about if there is a way to put this back together. It would be a massive, massive process and so we determined that it would make more sense for us to move forward into a rational future as opposed to trying to undo the past. That is the reality.

Q: So subsequent follow up with this new mortgaging of the electrical sector, what are you going to say to critics who might argue that we had this string of debt emerge from years of actually not very transparent reporting of the data that has occurred over the 60s and 70s (inaudible) but are we not simply moving back into that era by encouraging large debt in the electrical sector?

PREMIER WYNNE: Well, no. This is different in the sense that we are amortizing this payment over the period of time that it is going to be used, that the assets are going to be used. So it is not that we are going to be paying for these things long after they are not being used. They are going to be used for the period of time that they are going to be paid for and then there will be a future government that will have to make a decision about renegotiating what will happen to them. But my grandchildren will be paying for these things but they will be using them at the same time.

MODERATOR: Back to the call, anybody who had a question or who had passed the first time through, did you have a follow-up? Go ahead Joel.

Q: The global adjustment fee. I am just curious if this reduction will have an impact on the fee or what the connection would be there.

PREMIER WYNNE: Yes, in fact, it is exactly the global adjustment that we will be spreading out over the 30 years, Joel. That is exactly where the costs of the investments are on the bill. So it is taking those costs and spreading them over 30 years, so people will see that reduction.

Q: Yes that makes more sense. Thank you very much.

MODERATOR: Anybody else on the call?

Q: I just want your comments on selling Hydro One shares. There is a lot of criticism and the NDP plans on buying back.

PREMIER WYNNE: So the decision to broaden the ownership of Hydro One was made as a result of a decision that we made and we ran on to look at assets owned by the province of Ontario by people the people of Ontario in order to invest in new assets. We are building billions of dollars in roads and bridges and transit around the province, Margaret, and we needed to be able to finance that. There was obviously some borrowing that we did, but we also needed to have some liquidity, to have some cash in order to do that. So that is what that is about. what the NDP are proposing would - it would be very costly and it would costly in a couple of ways. It would mean that money would not be available for the infrastructure bill, the transit and roads and bridges, and it also would not reduce people's electricity bills. The issue around Hydro One is that that is not what is putting people's electricity bills up. It has nothing to do with it and so the NDP proposal around Hydro One would not take one cent off one electricity bill. So that is the challenge there. And we know we need to continue to build those roads and bridges and transit. There is an almost insatiable desire around the province and every municipality for more infrastructure.

Q: Okay, but you still think it was a good decision? And what the advantages of that extra money? I mean has there been any other advantage of that decision?

PREMIER WYNNE: Well, there are a couple of things. The primary one is having the money to make those investments, that we desperately need in the province. The second one is there are a lot of improvements being made in Hydro One, you know, but in terms of customer satisfaction, the interesting thing is that Hydro One was not a company that was beloved before we made this decision. There were many complaints about Hydro One, about customer service, about the professionalism of the company. Those complaints are changing. They are turning into much more positive responses so there is a new board and we are seeing a better run company which is something that needed to happen.

MODERATOR: Anybody else on the call with a question? Go ahead, Brian.

Q: So Premier, you said that you are interested in buying more power from Quebec. You signed an agreement to purchase 2 terawatts a year at 5 cents per kilowatt hour, which is significantly cheaper than any other form of production that we have in Ontario. So, at the same time New York is closing a nuclear plant and wants to buy more from Quebec. Should we not be jumping on this opportunity and buying as much power as we possibly can?

PREMIER WYNNE: So in fact, our officials are talking as we speak. We have actually signed a couple of agreements with Quebec and both Philippe Couillard and I have said to our officials, continue to explore opportunity. So that is happening. I can't tell you at this moment whether there is another agreement in the offing but we certainly are interested in doing everything that we can in this respect.

Q: Follow up to that. Given that nuclear projects are notorious for going over budget, building a transmission line we can predict the cost of that quite reasonably. Would it not be better to invest dollars into enhancing transmission lines between those two provinces and increasing trade and just literally going all in, so to speak?

PREMIER WYNNE: That is one of the reasons why we determined that we were not going to build new nuclear. We were on track to build \$15 billion worth of new nuclear. We made a decision not to do that. It would be irresponsible of us to put all of our eggs in one basket, because there are other demands on Quebec as well, but we have got a diversified supply and we are going to keep it that way.

MODERATOR: Anybody else on the call? None? Anybody else in the room?

Q: On the global adjustment, the contracts - I know the previous Progressive Conservative leader had talked about tearing up those contracts. I don't think you can do that but I mean, is there any way of renegotiating them to get that 20 year period or to get something in there that will enable you to not buy power that you do not need.

PREMIER WYNNE: So that was a very appealing idea to me and we actually had some of our business officials look at whether we could do it. There are hundreds of these things. They looked at some of the biggest ones and even if we could have renegotiated them, it was going to be 53 cents off the bill here and 25 per cent here. So we were not seeing the kind of returns that we needed and I talked to an academic at one point and he said, well you could make legislation and just make them all null and void. We would be in court forever. So the combination of the cost to renegotiate, the potential litigation, it just was not going to get us the immediate release that we needed, so that is why we went this way and the amortization route.

Q: I mean in terms of future contracts, is there an option other than simply tying yourself to ensure that we have whatever the nameplate of that facility is, we have to buy it.

PREMIER WYNNE: We will certainly deal with future contracts much differently. If I had one thing to say that I would do differently, not that I did, but if I had been in a position to do this differently, we would have had a longer amortization period in the first place. It would have been a much longer period and we got into a lot of these contracts as a government under the previous premier because we were jump starting an industry. So the feed-in tariff was high, the premium that we were paying to get the industry started, I am sure historians will have a debate about whether we paid too high a price or not, but the reality is where we sit right now, the best decision we could come up with when we looked at everything was to spread the cost over a longer period.

Q: So if I could come back to my first question, is there any thoughts that we have enabled OPG to actually undertake a new investment in the outside renewable areas besides water power

PREMIER WYNNE: Well, I think that is a discussion we need to have with OPG.

Q: Last question. (Inaudible) to encourage people to (inaudible) solar energy. Common people can get (inaudible), give them energy (inaudible).

PREMIER WYNNE: Yes, there are small contracts that will be available to people. Those solar contracts are part of the plan. There are individuals and small businesses that have already made those investments. Yes, they need more information. That's a good point.