

QP BRIEFING

March 1, 2017

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ARTICLES

1). *HAPPENING: MICHAEL 'PINBALL' CLEMONS NOT PLANNING TO RUN FOR THE PCs*

By: Jessica Smith Cross

There was a short-lived rumour on Twitter Wednesday that Michael "Pinball" Clemons would be seeking the PC nomination in Oakville North-Burlington, but unfortunately for football fans at Queen's Park, it turned out not to be true.

It started with a tweet from the Team Blue twitter account.

TeamBlue2018 @TeamBlue2018

Party sources say Michael "Pinball" Clemons to run for @OntarioPCParty in OAKVILLE NORTH BURLINGTON. ★ □ STAR CANDIDATE ★ □

12:26 PM - 1 Mar 2017

2 RETWEETS 3 LIKES

However, Clemons' executive assistant relayed a message from him denying that rumour to QP Briefing. "I have just spoken to Michael, who is currently out of town, and he would like me to let you know that this report is erroneous and that he is not planning to run for the PC party at this time," she wrote.

Clemons is vice-chair of the Toronto Argonauts, and played 12 years with the team. He co-founded the Pinball Clemons Foundation.

Last year, he gave a speech at the PC convention that was billed as an endorsement — but, according to reports, didn't exactly sound like one. In the 2014 Toronto municipal election, Clemons endorsed John Tory.

2). OPPOSITION PARTIES CONCERNED ABOUT LEGAL 'REMEDY' PAYMENTS TO TEACHERS

By: Jessica Smith Cross

The opposition parties are keeping an eye on the cost of paying teachers a court-ordered "remedy" after details of the first such settlement leaked to the media.

When the Superior Court ruled last April that the provincial government had violated teachers' right to collective bargaining with the Putting Students First Act legislation (Bill 115) of 2012, which prohibited teachers from striking and allowed the government to impose contract terms, it instructed the government and the unions to negotiate an appropriate remedy.

Last week, the Ontario Secondary School Teachers' Federation (OSSTF) announced it was the first union to reach an agreement on the remedy for its members, who would vote on it.

The Globe reported Tuesday it had obtained an internal memo on the remedy, that "indicated that \$25-million will be given to school boards to compensate teachers for the erosion of their sick-leave plan and that teachers will get an additional paid day off in either the next school year or the one after that."

PC associate education critic Lorne Coe said the PCs are going to watch the process unfold, and expressed concerns it would "lead to cuts in the classroom."

"The Wynne Liberals ran on a platform of labour peace, and yet their policies and two-tier bargaining system has created chaos for students, teachers and support staff," said Coe, in a statement. "Time and time again, the Wynne Liberal Government has shown a lack of respect for taxpayer dollars and complete negligence in ensuring that our education system puts students and teachers first."

Meanwhile, deputy NDP leader Jagmeet Singh said his party was the only one against Bill 115 in the first place.

"We knew that it was unconstitutional, we raised that issue in the house, we said to the government, 'Listen, not only are you doing something that is a flagrant violation of the right for people to come together and collectively bargain, you're also doing something that ... will be challenged, and you'll probably lose and it will probably cost us money,' " he said. "So it comes as no surprise that this shows exactly that."

Education Minister Mitzie Hunter said conversations are continuing with the unions with respect to the remedy, but she cannot comment on them.

3). ONTARIO'S FUTURE CAP-AND-TRADE PARTNERS SEE WEAK CARBON SALES AHEAD OF PROVINCE'S FIRST AUCTION

By: Geoff Zochodne

In what could be a bad omen for the Liberal government's key policy for combating climate change, Ontario's future partners in carbon pricing have once again reported lacklustre results from their cap-and-trade auction.

The results of California and Quebec's February cap-and-trade auction were published Wednesday, showing the two jurisdictions sold just 18 per cent of the 2017 emission allowances they put up for sale.

The results arrive less than a month away from Ontario's first cap-and-trade credit sale. In addition to the similar carbon-pricing systems, Ontario intends to link its cap-and-trade system with those of California and Quebec in 2018, giving the province another reason to pay attention to the auction results.

California and Quebec have been holding joint carbon auctions since 2014, and all had been sellouts - until last year, when the May auction sold as little as 11 per cent of available permits. The November auction saw approximately 88 per cent of the 2016 year credits sold.

The latest results come ahead of Ontario's first quarterly cap-and-trade auction on March 22, when more than 25 million of the province's emission allowances for 2017 will be put on the block. The proceeds of the auction could top \$500 million, depending on the final sale price of the credits. That cash is meant to be plugged into greenhouse gas-reducing measures, and lower-than-expected revenues could put those programs in peril.

Cap and trade limits the amount of carbon that certain parts of the economy can emit, requiring businesses to buy pollution permits equal to their emissions. Those permits can be traded among businesses who need more credits to cover their emissions or who have permits to spare. Some companies in trade-intensive industries will also receive free emission allowances to keep the competitive.

Cap and trade will increase costs for consumers, particularly on their heating bills or at the fuel pumps. But by lowering the cap over time, the Liberal government is relying on cap and trade to help it reduce carbon emissions 15 per cent below 1990 levels by 2020.

The government will also use the proceeds of its cap-and-trade auctions to fund up to \$8.3 billion in new greenhouse-gas-reducing measures, such as electric car purchase rebates.

The auditor general warned late last year that "it is likely" less than 20 per cent of the province's actual greenhouse gas reductions will be cut in Ontario. The rest of the reductions, the AG said, would come from buying up emission allowances from California and Quebec, theoretically reducing emissions there.

Auditor General Bonnie Lysyk also reported that Ontario families would pay approximately \$8 billion more to the government, starting this year, for gasoline and natural gas.

4). INDIGENOUS PARTNERS LAUD PROGRESS ON ENDING VIOLENCE AGAINST WOMEN, BUT 'HEALING IS GOING TO TAKE A LONG TIME'

By: Sabrina Nanji

Ontario is being applauded for the steps taken toward ending violence against indigenous women and girls since Premier Kathleen Wynne launched a long-term strategy one year ago, but the government's community partners say more work needs to be done in order for First Nations to heal.

Indigenous Relations and Reconciliation Minister David Zimmer, Status of Women Minister Indira Naidoo-Harris and Children and Youth Minister Michael Coteau provided an update Wednesday for the \$100-million, three-year strategy, "Walking Together." It includes expanding the Kizhaay Anishinaabe Niin: I Am A Kind Man program — aimed at providing counselling and violence prevention support for indigenous men — to 26 sites across the province from five.

"I think the healing is going to take a long time," said Sylvia Maracle, executive director of the Ontario Federation of Indigenous Friendship Centres, which has partnered with the government on the indigenous-led strategy.

Maracle said the Kizhaay program in particular needs to be expanded further.

"Rather than just continuing to worry about the crisis ... we need to stop it; and in order to stop it, indigenous men need to step into the circle," Maracle told reporters at Queen's Park following the ministers' update.

"Frankly, First Nation communities need it, Métis communities need it, and other community groups need it. What we're doing as an interim step is, we are training the men who were in Kizhaay as part of public education.

"Violence doesn't only come from our community," she said, adding that the community needs to "be brave" — even if that means promoting the Kizhaay Anishinaabe program beyond indigenous circles.

The size and scope of the Family Well-Being Program — which has provided more than 200 indigenous communities with culturally appropriate support and services — has proven a challenge, Maracle went on to say. The province has been hiring and training more front-line service workers as part of the program.

"We all have to start somewhere," Maracle said. "It's very difficult for us to have rolled out 200 community projects in [the] remote north, in large urban areas, for women, for Métis, for First Nations, in a very short period of time."

Sarah Midanik, executive director at the Native Women's Resource Centre of Toronto, said she has been encouraged by the government's efforts since launching the strategy last February. "Our women are better equipped to navigate the support system," she said.

Zimmer acknowledged more should be done. "We have, in many ways, just scratched the surface," he said.

In Ontario, indigenous women and girls are three times more likely to be impacted by violence than other women, according to a government release.

“That statistic is troubling and it’s unacceptable,” said Naidoo-Harris, adding that the Women’s Directorate, now a standalone ministry, has marked it an “urgent priority.”

Naidoo-Harris also lauded the Kizhaay program as one that nurtures “community oneness” and said it’s important to the healing process that men “acknowledge and resolve their own traumas.”

Indigenous youth are also over-represented in Ontario’s child protection services, and Coteau – who has also been in charge of the anti-racism directorate for a little more than a year – said his ministry is developing culturally-appropriate support services focused on prevention.

“Helping avoid a crisis is always better than helping to recover from one,” Coteau said.

“As a father of two young girls, I think it’s so important that all of us work together to look for ways to support young women and girls in general, to make sure that they can live in this province without fear of violence, intimidation and discrimination,” he added.

The government has also taken steps to make it easier for human trafficking survivors and those at risk to sue their traffickers and slap restraining orders against them via the Anti-Human Trafficking Act tabled last week, and is working on an indigenous-led approach to end human trafficking.

The Walking Together strategy also promises improvements to policing and justice, prevention and awareness, data and research, accountability and community safety and healing.

Last summer, Premier Wynne – who was once the Aboriginal Affairs Minister and usually begins her speeches by acknowledging that she is on traditional indigenous territory – formally apologized to First Nations for the historic “brutalities” suffered, as part of the province’s response to the 2015 Truth and Reconciliation Report.

5). HEARD: WHY ONTARIO'S MINISTER OF WOMEN'S ISSUES IS NOW CALLED THE MINISTER OF THE STATUS OF WOMEN

By: Sabrina Nanji

The first-ever standalone ministry for women in provincial history has gone through a name change since it was minted during the cabinet mini-shuffle in January.

Premier Kathleen Wynne had appointed Indira Naidoo-Harris the Minister of Women's Issues, which is how a government release referred to her at the time. Her title has since been changed to Minister of the Status of Women.

Naidoo-Harris' office provided QP Briefing with an explanation for the change Wednesday.

"The name change reflects that the Ministry is tasked with delivering a number of wide-ranging initiatives from women's empowerment to women's security," spokeswoman Deborah Lamb said in an email.

6). HOW THE HECK DO YOU 'SMOOTH' ELECTRICITY COSTS? A QP BRIEFING EXPLAINER

By: Geoff Zochodne

Energy Minister Glenn Thibeault calls it “snowplowing” electricity costs. Ontario Power Generation calls it “smoothing” rates.

Ontario’s Liberal government appears poised to table its relief plan for electricity customers Thursday morning, and the Toronto Star reports that the Grits’ purported 25-per-cent rate cut will come from “smoothing out” the costs of producing power.

Funnily enough, OPG said last week it had found a way to reduce the increase it's seeking in the price it charges for electricity. OPG, which generates about 50 per cent of Ontario’s electricity, said it could do so if the government amends a regulation, allowing the provincially owned company to “smooth” costs to consumers.

Thibeault, while maintaining that no decisions had been made, discussed that smoothing following Wednesday’s question period, likening it to the refinancing of a home.

“So [OPG] did very similar to what you’re hearing about in the media today, which is they were able to look at, ‘snowplowing,’ ” Thibeault said. “So that’s how they were able to see those reductions.”

“I think snowplowing could be looked at for many things,” Thibeault later added, albeit once again assuring reporters that no decisions had been made.

But what does smoothing and snowplowing actually mean?

If it is anything like what OPG is doing, it would mean kicking some costs down the road. Ontarians would pay them later, with interest.

While Thibeault disagreed, the opposition parties say the short-term gain could lead to longer-term pain. “I don’t think there’s any question about that,” said PC energy critic Todd Smith.

Smoothing is something OPG had already proposed to do in its 2017-2021 payment application to the Ontario Energy Board, but with what the company is paid for its nuclear power. However, smoothing its entire power portfolio, OPG projects, would temporarily reduce its payments further and reduce the increase it's requesting, resulting in an average monthly cost added to consumers' bills of 62 cents, down from the currently proposed \$1.05.

Buried in OPG’s massive application to the OEB, which sets the payments OPG gets for its power, are exhibits explaining how one smooths electricity costs.

In short, OPG is proposing to delay \$1.6 billion in payments it was initially scheduled to receive between 2017 and 2021. The payments, plus interest, would instead be recouped over a decade, starting after the completion of the company’s \$12.8-billion Darlington nuclear plant rebuild, which is scheduled to last until 2026.

If the OEB approves this, it would allow OPG to have a “smoothed” increase of 11 per cent annually to the price it charges for its nuclear power. Not deferring those payments would call

for a rate hike of 15-per-cent annually, OPG says, which would ding consumers for an added \$1.85 monthly in each year of the company's 2017-2021 application.

But that \$1.6 billion in deferred payments would have to be collected at some point.

Quoth OPG's application: "The regulation stipulates that the OEB shall ensure that OPG recovers the balance recorded in the deferral account and shall authorize recovery of the account balance on a straight line basis over a period not to exceed ten years commencing at the end of the deferral period."

And the \$1.6 billion in payments being deferred will grow.

Quoth OPG (again): "The regulation also stipulates that the deferral account shall record interest on the balance of the account at a long-term debt rate reflecting OPG's cost of long-term borrowing approved by the OEB from time to time, compounded annually. OPG will record interest based on the monthly opening balance in the account."

OPG is now proposing to smooth the entirety of its 2017-2021 payment application, not just the part regarding nuclear rates. More smoothing would likely lead to more deferred payments and interest.

OPG is presently making its case to the OEB. A transcript of the Feb. 27 hearing shows the smoothing proposal has already come up.

A lawyer for the OEB asked: "When OPG was thinking about revising its rate smoothing proposal and requesting that the Minister amend the regulation, did it consider suggesting that the regulation also be amended to remove the rather unusual requirement that the smoothing deferral account earns compounded interest at the long-term debt rate, which means the carrying charges for that account are higher than for other accounts?"

"Other than the initial consideration, no," responded OPG president Jeff Lyash.

Here's another exchange between Lyash and a lawyer for the Green Energy Coalition:

"MR. POCH: But you do agree to defer more, to smooth more, to lower rates now ultimately must increase the total bill at the end of the day, because there's just going to be increased carrying costs? That's directionally?"

MR. LYASH: There's a few other elements in this equation that I think you have to take into consideration, and that's why I think perhaps panel 6 --

MR. POCH: All right.

MR. LYASH: -- is going to get into in more detail, for example, what the generation is in each year across the profile, so the number of units of megawatt hours that you're collecting across. The fact that we're using the entire bill in order to smooth, so collecting some revenue in different periods across that profile, is relevant.

MR. POCH: I wait with bated breath."