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Blame political meddling, not CEO pay, for Ontario's dysfunctional hydro market; There are other sensible things that could be done to fix the province's troubled electricity market ? but they aren't getting much air time in a campaign of slogans
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There are many reasons why electricity rates are rising faster in Ontario than virtually anywhere else in North America.

How much Hydro One chief executive Mayo Schmidt and the company's directors get paid is not one of them.

The high cost of electricity has very little to do with Hydro One, Ontario's partly privatized electricity transmission and distribution utility.

The main culprit is a long legacy of costly government decisions, including the shutdown of dirty but low-cost coal plants, the multibillion-dollar rebuilding of the province's nuclear reactors, long-term commitments to expensive wind and solar purchases, the cancellation of new gas plants and a surplus of new generating capacity.

Shareholders approve Hydro One executive pay plan despite outcry((www.theglobeandmail.com»))Hydro One CEO warns that political interference is hurting the utility((www.theglobeandmail.com»))

At a more basic level, Ontario's dysfunctional electricity market is the product of serial meddling by politicians. Successive Liberal, Progressive Conservative and NDP governments are all to blame, going back decades.

Unfortunately for Ontario voters, all three parties are promising more of the same in the current election campaign - big rate subsidies and plenty of political micromanaging of the electricity market.

Take Progressive Conservative Leader Doug Ford. He has vowed to fire Mr. Schmidt and the entire board of Hydro One, which was privatized three years ago. And he'd cut hydro rates by 12 per cent, sticking taxpayers with the $800-million per year bill.

NDP Leader Andrea Horwath wants to renationalize Hydro One and magically reduce hydro bills by 30 per cent.

Both proposals would stick taxpayers with billions of dollars in costs.

Liberal Leader Kathleen Wynne is also taking shots at Hydro One, while touting her government's Fair Hydro plan, under which the province is borrowing $26-billion to lower hydro rates by 25 per cent.

If the leaders were serious about reform, they wouldn't be so preoccupied with Hydro One. Transmission and distribution are not the main cause of high rates in Ontario. And chopping the salaries of their executives and directors won't make electricity any cheaper.

All three parties want to subsidize rate discounts - a proven economic and environmental loser. Just look at oil-rich Venezuela, which has bankrupted itself by massively subsidizing domestic gasoline prices. Subsidizing rates in Ontario encourages overconsumption, making it harder for the province to meet its carbon emission reduction targets.

From an economic perspective, it matters little whether taxpayers or consumers pay the price of high rates. At the end of the day, society bears the cost. If the government is concerned about the impact of high rates on the poor or on vital industries, it should provide targeted tax breaks to those groups.

There are other sensible things that could be done to fix Ontario's troubled electricity market. But they aren't getting much air time in a campaign of slogans.

For starters, forget about the past. It's too late to reverse the decisions to stop burning coal and refurbish nuclear plants. And it's not clear these moves were wrong in the first place. It would not be easy to find alternatives to the 60 per cent of Ontario's electricity that comes from nuclear. And going back to coal is a non-starter.

Secondly, high rates are likely unavoidable. The province has committed to long-term power purchases through provincially owned Ontario Power Generation and private producers. Unwinding those contracts would drive rateseven higher.

The province needs to get a grip on its oversupply problem. Ontario's continued push to expand wind and solar means backing up these intermittent sources through private purchases from gas-fired plants. This has created duplication, inefficiency and oversupply. In recent years, Ontario has been selling surplus clean electricity at a loss to Manitoba, Quebec and several U.S. states. At other times, it must pay electricity suppliers not to produce. This perverse situation cost the province more than $1-billion in 2016 and 2017, according to an analysis by the Ontario Society of Professional Engineers.

Central government planning of the electricity market has become the norm in Ontario. And it's not working.

Home hydro bills in Ontario rose 71 per cent between 2008 and 2016, or more than double the national average, according to a recent report by the Fraser Institute. Industry rates have also risen much faster in Ontario than elsewhere.

The province needs less government, and more free market in its electricity market. That may mean downloading responsibility for signing power purchase contracts to regional authorities.

Making future generations pay for today's electricity is crass vote-buying. So is grandstanding about executive pay.

Neither is a substitute for good economic policy.

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Farmers in southwestern Ontario lament high hydro rates, increased labour costs
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CHATHAM-KENT - Jeff VanRoboys laments the Ontario government's one-two punch that he says is hurting his cucumber harvesting business.

The 40-year-old farmer and entrepreneur says his company - The Pickle Station, located about 300 kilometres west of Toronto - has been hit hard by sky-high hydro rates and a recent increase in minimum wage.

"Those are my two biggest expenses to run the business and those are both government-controlled increases," he says from his sprawling processing plant in Chatham-Kent.

The sorting lines and large harvesters at the plant sit idle on a warm spring day, with VanRoboys apologizing that things are so quiet. The time to see the operation firing on all cylinders, he says, is in the summer. That's when the lines are fully staffed and the plant is buzzing. It's also when high energy and labour costs hit the business the hardest.

When VanRoboys took over from his father in 2008, he says his hydro bill during the peak month of operation, August, was roughly $18,000. Fast forward to August 2017 and the bill for that same period was $42,000.

On top of that, the province's decision to increase the minimum wage to $14 an hour has forced his business, which employs more than 200 local students during the busy harvesting months of July and August, to cut back on smaller, hand-picked cucumber varieties typically sold to U.S. companies.

VanRoboys says he explained to the American companies that he would need to increase prices to cope with higher labour costs - as the Liberal government had advised businesses to do - but was told that wouldn't be accepted.

Whoever wins the provincial election on June 7, VanRoboys says they need to delay the next increase in minimum wage - planned to reach $15 an hour in January - to make it easier for businesses to adapt.

"The government is acting almost as a Robin Hood - you take from the rich and you give to the poor," VanRoboys says. "The only thing I'd say is make sure that Robin Hood is actually rich before you go and try to rob."

Chatham-Kent has an unemployment rate of six per cent, slightly higher than the provincial average of 5.5 per cent - the lowest rate in 20 years. But nearly 17,000 people, or one in 10, live below the poverty line, according to Statistics Canada.

Faced with public backlash, the Liberal government moved last year to slash hydro prices by 25 per cent, but many farmers in southwestern Ontario say they can't make changes required under the time-of-use system to take advantage of off-peak discounts.

Harry Lawson, who grows cash crops near Thamesville, is one of them.

"If you're drying corn or drying grain or something, you can't just dry it overnight in the low periods," the 64-year-old farmer says. "It has to run 24 hours a day."

Louis Roesch, whose farm has been in his family since 1906, says he's considering getting off the electricity grid altogether as an alternative to high bills, though it wouldn't be easy.

His operation, home to dozens of sows and hundreds of chickens, needs constant, reliable, affordable power. An outage, he says, could threaten the whole business.

"In a hog barn like that, on a 90 degree (32C) day, if you lose power for five to 15 minutes that barn is done," he says, standing in the doorway of a building on his farm where he's contemplating installing a natural gas-fuelled generator.

Chatham-Kent, which has a mix of about 101,000 rural and urban residents, has seen its election district boundaries change over the years, with support going to various parties at different times.

The area currently straddles two ridings: Chatham-Kent-Leamington, which was made up of the previous Chatham-Kent-Essex; and Lambton-Kent-Middlesex. Both are currently held by Progressive Conservatives seeking re-election.

Leon Leclair, who farms sugar beets, beans and other crops in Chatham-Kent, says provincial politics is a thorny issue in the region.

The third-generation farmer, who also holds a seat on the municipal council, has been speaking with many in the community and says anger, fear and a sense of being ignored abound.

Frustration with the Liberals and uncertainty with the alternatives are bubbling to the surface ahead of the election, Leclair says, and temperatures are high.

"There is a feeling that people want to see change," he says while standing behind a barn where preparations are being made for the planting season.

"But some of us are fearful. If you haven't been in power for 15 years, it's easy to criticize. Are you going to change when you're in power?"

That cynicism, Leclair says, comes from a perception among many that Queen's Park isn't helping the local population with their needs.

Work on rural bridges and roads in the region is slow and simple work on drains is hindered by excessive red tape because of the province's Endangered Species Act, Leclair says.

"I don't think we're being heard and we are important," he says. "A smart person should take what we have here and try to build on it."

Part of building up the region involves ensuring permanent, well-paying jobs - a real issue for many in the area.

Mary Symons knows that first-hand. The 47-year-old single mother currently has a full-time job as an administrative assistant but struggled for years, living in poverty with her two kids.

"A pay cheque is important," she says. "On the other end of that there's the cost of living. You take a couple steps forward, which is great, but then you worry about how many of those steps are going to be pushed back."

Karen Kirkwood-Whyte, the CEO of the United Way of Chatham-Kent who is readying to retire after 35 years in the community, says she's seen an erosion of the area's middle class because well-paying manufacturing jobs have largely disappeared. Much of the work that has replaced those jobs are lower paid, without benefits or paid vacation.

"I think about all the factories that I used to make presentations to ... they're all gone. Now they've been replaced with call centres and other organizations that don't pay what the factories used to pay," she says. "It's almost like the middle has been somewhat gutted."

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