

# Afternoon Energy Media Summary - October 25, 2016

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Good afternoon,

Here is a roundup of the day's news:

- Getting beyond 'wear a sweater': Seven ideas for how to fix Ontario's hydro system – National Post
- Hydro One says doing this will save you \$150 – Hydro One media release
- Renewables made up half of net electricity capacity added last year – The Guardian

Please see below ***Today in Twitter*** for news articles.

## Today in Twitter October 25 , 2016

- [Keith Leslie @CPnewsboy](#): Tories keep up the pressure on Energy Minister [@GlennThibeault](#) using all their questions to attack Liberals over electricity rates. [#onpoli](#)
- [Keith Leslie @CPnewsboy](#): Premier [@Kathleen\\_Wynne](#) says no impact on consumer electricity bills from \$80 million loss reported by IESO after accounting change. [#onpoli](#)
- [Keith Leslie @CPnewsboy](#): Energy Minister [@GlennThibeault](#) says \$80M actuarial loss by IESO was b/c of change in accounting practices on pension liabilities. [#onpoli](#)
- [Keith Leslie @CPnewsboy](#): NDP [@PeterTabunsMPP](#) again asks how much Ontario will pay to cancel \$5.2B Windstream contract on top of \$28M court fine + legal fees. [#onpoli](#)
- [Peter Tabuns @Peter\\_Tabuns](#): Min Energy won't commit to directing Ontario Energy Board to put ratepayers 1st when they decide if Hydro1 gets to keep \$2.6b gift from Libs
- [Peter Tabuns @Peter\\_Tabuns](#): Energy Ministry allocates \$70m in this yr's budget for lawyers & bankers to sell off more of Hydro 1. Up from \$53m last yr. Happy bankers.
- [Ontario PC @OntarioPCParty](#): And the newest scandal? An \$81 million accounting error by the Independent Electricity System Operator or – IESO." [@brownbarrie](#) [#onpoli](#)
- [Radio-Canada @iciontario](#): Un trou de 80 M\$ dans nos états financiers, admet le gestionnaire du réseau électrique ontarien [#IESO](#) <http://ici.radio-canada.ca/regions/ontario/2016/10/25/002-trou-budget-millions-marche-electricite-frais.shtml> ... [#onpoli](#)
- [ShawnPatrick Stensil @SPStensil](#): [@Peter\\_Tabuns](#) asks why gov approved Pickering life-extension b4 OPG had completed a business case, but no time for gov response. [#onpoli](#)
- [Ottawa headlines @OCHHeadlines](#): We'd like to talk to you about your Ontario hydro bills - Postmedia is looking to speak to Ontarians about thei... <http://ow.ly/htxi505Nlnw>

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## [Getting beyond 'wear a sweater': Seven ideas for how to fix Ontario's hydro system](#)

National Post  
October 25, 2016

The politics of power in Ontario have been simmering ever since Conservative “Power Minister” Adam Beck first switched on the street lights in Berlin, Ont. (now Kitchener) in 1910. But in the past three decades, energy has gone from being a public good that won a government support in all the right places, to an Achilles heel.

In modern Ontario, successive premiers from Mike Harris, Ernie Eves, Dalton McGuinty and now Kathleen Wynne have had to grapple with an aging, dysfunctional electricity system, attempts at revitalization mired in scandal, and a furious electorate unhappy over skyrocketing prices.

Rates have more than doubled since the Liberals took power from the Conservatives in 2003, an election the Tories lost in part due to controversies surrounding the energy file. Then, consumers paid 4.3 cents per kilowatt hour of electricity; today it’s between 8.7 and 18 cents, depending on the time of day.

“If you think about how bad it was in September and November 2002, it is worse now by ten points,” Greg Lyle, a pollster and president of Innovative Research Group, told the Ontario Energy Association conference in Toronto last month. He said people are “as angry as they’ve ever been” and it’s Wynne who’s bearing the brunt of the fury.

The government loves to blame its Tory predecessors, saying the decision to break up Ontario Hydro and years of neglect are what consumers are paying for now.

Donald Dewees, an economics professor at the University of Toronto, said much of what customers are paying for is the result of necessary upgrades — but that the Liberals made enough mistakes along the way to share a good chunk of the blame. “You can’t just blame the current government, but you can ask them what’s your plan in the future,” he said. In some ways, he added, people also have to “just accept that Ontario is not and will never be a low-cost jurisdiction again.”

The government’s short-term moves are more symbolic than transformative: a new energy minister, Glenn Thibeault, removing HST from home hydro bills, offering rebates first to rural customers and eventually to all users, and just recently announcing a deal to buy electricity from Hydro Quebec.

But when it comes to permanent fixes, solutions are harder to come by. Energy ministers past and present, bureaucrats, utility owners, academics and activists all agree the system is bloated and costly. They just can’t agree how to fix it.

If you think about how bad it was in September and November 2002, it is worse now by ten points. Talk to solar and green energy advocates, and they say stop refurbishing nuclear plants. The nuclear and gas folks, on the other hand, say it was the right move when Thibeault announced earlier this month the province is pausing its procurement of green energy contracts. But it was a move that strikes the man who birthed the equally lauded and reviled Green Energy Act as short-sighted.

“I think the Liberals joining this price reduction narrative, frankly, runs the risk of looking unauthentic to me,” said former energy minister George Smitherman. “This announcement is more significant in what it doesn’t say than what it does say.”

“What it does say is we’re not going to go ahead with some procurement we don’t need and scapegoating green energy as they do it,” he added.

So how does the government move beyond short-term fixes to focus on the longer term problems that plague the system? Here are a handful of ideas experts say are worth exploring.

The province’s energy businesses — a combination of Hydro One dividends, Ontario Power Generation revenues and Hydro One Brampton is expected to generate \$1 billion in revenue next year.

Hydro One is being partially sold off and Brampton will soon be merged with three other municipally-owned distributors, however OPG’s revenues — about \$500 million — could be funnelled back into the electricity system, rather than into the treasury, said former energy minister Smitherman. Those funds could then be used to lower generation rates and ultimately lower costs for consumers.

Current minister Thibeault, who has only been in the job since June, didn’t rule the idea out and said he’s open to any and all suggestions to lower rates.

Any move to shuffle revenues would require discussions with the ministry of finance as it works to balance Ontario’s budget by the self-imposed March 2018 deadline.

## **Close Pickering's nuclear plant**

Bruce and Darlington nuclear plants are necessary to Ontario's long-term energy needs, Smitherman says, but it's pure politics that keeps Pickering open.

Closing it would save billions in unnecessary costs and curb safety concerns about the aging plant, he said — especially given how well-paid its power workers are. But other experts say buying out rather than phasing out those workers would cost more than it would save.

Officials argue that Pickering is safe and provides the kind of leeway that allowed the minister to put a moratorium on new feed-in-tariff contracts, for example. They also argue it will provide buffer generation during the upgrades at Bruce Power on the shores of Lake Huron and Darlington Nuclear on Lake Ontario.

## **Stop selling power abroad**

The opposition parties love to hammer the government for selling off excess power to other jurisdictions, but it is a necessary part of the system. Because some power generated, such as nuclear, can't be ramped up and down to meet demand, sometimes Ontario makes too much and sells it to New York or Quebec or other places. Supply and demand sets the price, so sometimes Ontario gets back less than it costs to generate the power.

"From 2009 to 2014, Ontario exported a total of 95.1 MWh of power to other jurisdictions. The total cost of producing this power is \$3.1 billion more than the revenue Ontario received for exporting it," Auditor General Bonnie Lysyk wrote in her 2015 annual report. Over those five years, she said Ontario, "paid exporters a net total of \$32.6 million to take our power."

Yes, the province can't always just stop making that power and sometimes it's better to sell it at a loss than just let it dissipate, the auditor acknowledged.

Minister Thibeault said selling something at a loss isn't the same thing as paying someone to take it. In 2015, the province actually made \$228 million from power exports, and in 2014, it made \$320 million, according to officials.

In fact, those exports allow for the kind of wiggle room that could, one day, allow the province to lower costs in the long run by negotiating or phasing out costly contracts. Making too much power, then, is better than too little, because if you have to buy power you might end up paying too much on the free market. Having excess also allows officials to negotiate better contracts because they may not need to sign with any one provider.

## **Merge LDCs**

California, which has a population roughly equivalent to Canada's, has four local distribution companies (LDCs) that sell consumers power. Ontario, about a third its size, has around 80. If more were merged, some believe administrative costs would be saved and the consumer would reap the benefits.

That's why several utilities in Peel Region west of Toronto are buying Hydro One Brampton from the province and merging it with three other companies. Brian Bentz, CEO of Merge Co. — the name the new company has been given while the approvals process makes its way through the courts — says once the merger is done, it will save \$50 million a year.

Over 25 years, he said, "consumers are going to pay about \$1 billion less in distribution costs than they otherwise would have by having these utilities come together."

It would take decades to provide consumer relief, but it's a solution that's popular with the Ontario Chamber and university experts.

## **Buy power from Quebec**

Electricity is so cheap in la belle province, most people use it to heat their homes. For years, armchair observers and experts have suggested a long-term power deal with the province could save Ontario billions in generation costs.

Last Friday, the provinces moved to do just that: inking a two-terawatt deal for Ontario to buy two terawatts of power through 2023. It's enough to power a city of about 200,000 people and boosts Ontario's green energy cred. What it won't do, however, is save consumers much.

At most, the province, which spends billions a year to generate power, will save \$70 million a year. Critics say that's just pennies for consumers. If we want true savings from a Quebec power deal, it would need to be enough to shutter a costly gas plant or two or cancel an expensive nuclear upgrade — neither of which this deal will accomplish.

### **Accept that rates are rising everywhere**

The great irony of the current anger over electricity costs in Ontario is that the worst may be over.

"We've invested in that aging system... and we are now starting to see the effects on the consumer of those decisions," said Jatin Nathwani, a professor with the Waterloo Institute for Sustainable Energy. Nathwani said the move to a greener energy system was a laudable, if somewhat poorly executed policy. Ontario consumers are now paying the price many nearby jurisdictions will still start incurring as their own green energy policies kick in.

If you believe eliminating coal was a good thing — as a large majority of Ontarians say they do in poll after poll — then the province is simply paying its dues.

"Part of the problem with electricity rates in this province is that previous leaders, politicians, etc. have not paid the fiddler. And we're paying the fiddler now," Ontario Chamber of Commerce president Allan O'Dette said.

Transmission is a big line item on customer's bills, but it's generation that really drives the cost. That's why having surplus power could actually save money in the long run — and why conservation, both by consumers and industry is so important: Less demand means less power is needed and the most expensive generation contracts can be phased out.

One of the biggest burdens is the many costly contracts with small, gas-powered plants dotted across the province. As many of those deals (and the wind and solar contracts) come up in the early 2020s, the government can negotiate those costs down or eliminate them.

NDP energy critic Peter Tabuns said the presence of private, profit-oriented interests that have taken over since Ontario Hydro was broken up are part of what is really driving costs. "As you privatize, your ability to reduce prices is very limited... because you get locked into tight contracts," he said. "You've made it physically or legally impossible to correct your mistakes."

If Ontario really wants to get rid of some of its costly private deals, people simply needs to use less power. "I've been telling people to put a sweater on since the 1970s," energy consultant Todd Arnold joked at that energy conference last month. He later explained what he meant was power companies need to do a better job of selling that idea, without making consumers feel like they're being asked to fix a problem they didn't create.

### **Hydro One says doing this will save you \$150**

Hydro One Media Release  
October 25, 2016

Did you know that many devices and appliances in your home continue to draw power when plugged in — even when they're off? This is called "phantom" or "standby" power, and it can account for up to 10 per cent of the energy use in your home.

If you're thinking this isn't a big deal, the average Canadian home has 25 or more electronic devices that contribute to phantom power, costing approximately \$150 a year in electricity.

The five most likely culprits of phantom power in your home are:

1. Personal video recorder (PVR)
2. Desktop computer or laptop
3. Speaker dock
4. Video game console
5. Stereo system.

Unplugging these devices can put money back in your pocket, and contribute to a greener environment.

## [Renewables made up half of net electricity capacity added last year](#)

The Guardian

October 25, 2016

Green energy accounted for more than half of net electricity generation capacity added around the world last year for the first time, leading energy experts have found.

The International Energy Agency (IEA) said the milestone was evidence of a rapid transformation in energy taking place, and predicted capacity from renewable sources will grow faster than oil, gas, coal or nuclear power in the next five years.

But the analysts said the outlook in the UK has deteriorated since the Conservative government took power last year and cut support for wind and solar power. The agency's chief said Britain had huge renewable energy potential and ministers needed to design stronger policies to exploit it.

"What I see is we are witnessing the transformation of energy system markets led by renewables and this is happening very quickly," said Dr Fatih Birol, executive director of the IEA. "This transformation and the growth of renewables is led by the emerging countries in the years to come, rather than the industrialized countries."

China will lead the world for growth in renewable power, followed by the US and Europe, a new report by the agency found. The IEA said the EU was relinquishing its position as a renewable energy pioneer due to weak electricity demand and policy uncertainty, which Birol warned could see European renewable energy manufacturers lose out to international rivals.

"If you think of running a marathon, Europe started with a big advance, more than half of the marathon they are leading by far. They are now getting a bit tired, and some others are overtaking Europe slowly but surely," he told the Guardian.

The IEA said Asia will be the "engine of growth", led by China and India. "China is a completely separate chapter," said Birol. "China alone is responsible for about 40% of growth in the next five years. When people talk about China, they think about coal, but it is changing."

A total of 153GW of net renewable electricity capacity was installed globally in 2015, a record high, equivalent to Canada's capacity and up 15% on the year before. Net capacity is new capacity minus retired capacity, such as old hydro being taken offline. China is expected to add a further 305GW over the next five years, followed by India with 76GW.

Onshore windfarms and solar power led the charge last year, with 63GW and 49GW of new global capacity respectively. The two technologies are also forecast to take the lion's share of growth, with electricity generation from solar tripling and wind doubling.

Their costs are expected to continue the dramatic and unprecedented reductions in recent years, with onshore wind coming down a further 15% and big solar 25% by 2021.

"The cost of wind dropped by about one third in the last five to six years, and that of solar dropped by 80%," said Birol, adding that while the cost of gas had also fallen recently, it was not at the same speed that green energy had become cheaper. "The decline in renewables [cost] was very sharp and in a very short period of time. This is unprecedented."

While renewables now account for more than 50% of net capacity additions and are expected by the IEA to reach around 60% by 2021, they still provide a relatively small share of the world's electricity. Green sources are only expected to provide 28% of electricity generation by 2021, up from 23% in 2015, and much of that will be from existing hydropower dams.

Renewable energy is seen by scores of countries as a key way to meet climate targets that they pledged under the Paris agreement, which comes into force in November.

But even with the huge growth expected in coming years, the IEA said it will not be sufficient to meet the Paris deal's target of keeping temperatures below 2C, the threshold for dangerous warming. "No, it's by far not enough [the trajectory of growth]," said Birol.

The agency painted a gloomy picture of solar and onshore wind's prospects in the UK, echoing recent warnings from other respected energy authorities. "The policy landscape for renewables has become more challenging since the 2015 general election," the report said.

Since coming to power, the Conservatives have drastically cut or ended subsidies for wind and solar power, begun the privatization of the green bank which supports clean energy, and enthusiastically backed fracking for shale gas and new nuclear. “While government support for new gas and nuclear capacity is evident, recent policy changes indicate that the role envisioned for renewables is uncertain,” the IEA said.

“There is need in the UK to invest in stronger renewable policies,” said Birol. “The potential is huge compared to what we are expecting.”

The agency’s chief said that contrary to what renewable energy critics argued, the biggest threat to the technologies was not their intermittent nature but the intermittency of governments’ support.

“The issue is not the predictability of solar and wind, it is the predictability of government policies because investors need to see what their prospects are. This is the main challenge I see in the renewable energy sector.”

Imke Lübbecke, head of climate and energy at WWF’s European policy office, said: “The IEA report clearly shows that president [Jean-Claude] Juncker’s promise to make the EU ‘the world leader in renewables’ remains empty rhetoric. Instead, the European Union is losing its leadership role to the US and China.”