

Briefing for May 12, 2017

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‘Confidential’ document casts cloud over tabling of Liberals’ hydro bill

11.05.2017 Geoff Zochodne

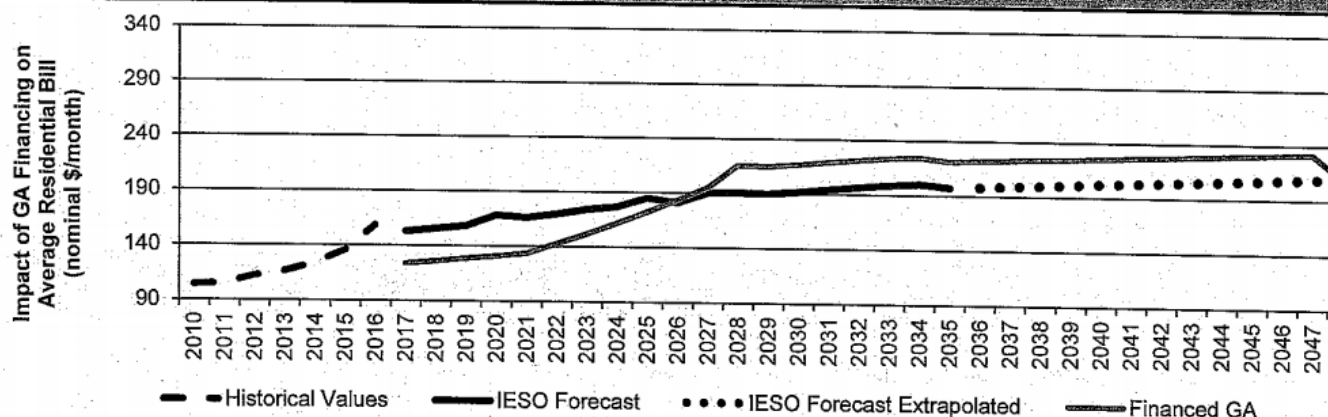
The calls are allegedly coming from inside the house.

The Progressive Conservatives emailed reporters a potentially damaging and purportedly confidential cabinet document Tuesday, mere minutes before Energy Minister **Glenn Thibeault** was set to table the Liberal government’s Fair Hydro Act, which outlines the Grit plan to reduce household electricity bills by an average of 25 per cent.

The document – titled “GLOBAL ADJUSTMENT (GA) SMOOTHING” and marked “CONFIDENTIAL CABINET DOCUMENT” – shows the average monthly household electricity bill will fall from \$158 in 2016, to \$123 in 2017, under the Liberals’ hydro plan. However, the document shows bills will begin rising again in the years that follow, increasing to \$126 per month in 2018, \$128 in 2019 and \$131 in 2020.



A. GA Smoothing for RPP-Eligible Only (Borrow \$2.5 billion in 2017, Residential Bills Lowered 25%, Lower Total Debt)



	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045
Average monthly residential bill w GA financing impact and tax (\$/month)	104	105	112	116	124	136	158	123	126	128	131	133	142	151	161	172	183	195	215	214	216	219	221	223	224	221	222	222	223	224	225	226	227	228	229	230
Year-over-year change in bill (%)	-	1.0	6.7	3.9	6.1	9.8	16.7	-22.1	2.0	2.0	2.0	2.0	6.5	6.5	6.5	6.5	6.5	6.5	10.5	-0.4	0.9	1.2	1.0	0.8	0.6	-1.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Impact of GA financing pre-tax (\$/month)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-25.1	-25.1	-25.2	-32.8	-28.7	-28.9	-19.9	-13.5	-11.8	2.0	4.2	21.8	21.8	21.7	21.7	21.5	21.4	21.3	21.0	20.9	20.8	20.7	20.5	20.5	20.4	20.4	20.3	20.2	20.1
Total Accumulated Debt (\$ billion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	5.1	7.9	11.4	14.5	17.8	20.8	23.2	25.6	26.7	27.7	25.8	26.0	25.1	24.1	23.1	22.0	20.9	19.7	18.5	17.2	15.9	14.4	12.9	11.3	9.7	7.9	6.1	4.2
Total Change in Accumulated Debt (\$ billion)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.5	2.6	2.8	3.5	3.2	3.2	2.9	2.4	2.4	1.1	0.9	-0.8	-0.9	-0.9	-1.0	-1.0	-1.1	-1.1	-1.2	-1.2	-1.3	-1.4	-1.4	-1.5	-1.6	-1.7	-1.7	-1.8	-1.9

Notes: Assumes 30 year financing period and a nominal interest rate of 5% (compounded monthly). Ratepayer GA payments increase annually beyond 2021 such that the average monthly residential bill increases by 6.5% per year with a limit of \$2.2 billion above the true cost of GA in any given year to cap repayment charges at around 10% of total bill. IESO forecast is based on IESO's revised OPO for February 2017. Includes the cancellation of LRP II and EFW, expansion of ICI. Does not include smoothed OPG rates. Above residential bill is based on a 750 kWh per month Toronto Hydro customer.

CONFIDENTIAL CABINET DOCUMENT

According to the document, by 2024, the average bill would be back above the 2016 level, at \$161 monthly. The costs to consumers are then projected to rise past \$200 by 2028 and peak in 2047, reaching \$231 a month.

PC energy critic **Todd Smith** thanked whoever had sent them the document, and referred to the source of the document as a “whistleblower.”

“We’ve been talking with a lot of people who work in the ministry that are upset about the state of affairs when it comes to the Ministry of Energy and our electricity system in Ontario,” Smith said. “And a lot of them have shared their concerns with me as the relatively new energy critic for the PC caucus and our leader **Patrick Brown** as well.”

“Because the government isn’t being honest with the people of Ontario when it comes to the price of electricity,” Smith added. “We are going to see electricity prices, electricity bills, skyrocket after the next election.”

Thibeault said he couldn't comment on one graph when he'd "seen literally thousands of graphs" since becoming energy minister nearly a year ago.

"So for any confidential document, I can't verify it," Thibeault said. "But what I can tell you is the number is inaccurate."

The minister said the government's long-term energy plan, when it is released, will contain the government's projections for the cost of power.

"It's not a coincidence on me, and it shouldn't be a coincidence on anyone in the media gallery, that on the day that we announce that we're bringing forward a plan that is going to be reducing families' bills by 25 per cent, is the same day that a party that doesn't have a plan brings forward this document," Thibeault added. "To me, that's not a coincidence."

NDP MPP **Peter Tabuns** said he wouldn't be surprised if the PCs' document was legitimate. "The idea that someone would get so upset and leak a document seems reasonable to me."

"[The Liberals] piled enough money on top of it that they can make it look good for a bit, but it's all going to burst out again," Tabuns said.

Meanwhile, Thibeault tabled the Fair Hydro Act in the legislature Thursday afternoon. The legislation outlines the Liberals' "Fair Hydro Plan" that the government says will reduce household electricity bills by an average of 25 per cent.

The plan, which was first announced at the beginning of March, involves borrowing approximately \$2.5 billion a year, for 10 years, to reduce the global adjustment charge electricity customers pay. Consumers will cover the interest on that debt, with annual payments of no more than \$1.4 billion, the government says.

The Liberals have named this charge, which will show up as a separate line item on hydro bills, the "Clean Energy Adjustment." Thibeault said customers will start paying the charge in the mid to late 2020s; the PCs' document shows the refinancing plan will start costing customers money come 2026. By 2028, the document predicts, the refinancing will cost consumers an extra \$21.80 per month.

Both Thibeault and Premier **Kathleen Wynne** have admitted the Liberals' hydro plan will cost more in the future, but says it is needed to cut people a break in the present. The Liberals' hydro legislation would require the Ontario Energy Board, which sets time-of-use electricity prices, to make the 25-per-cent cut by July 1.

"We are working hard right now to continue to pull costs out of the system," Thibeault told reporters.

The global adjustment charge is the difference between the market price of electricity and what power producers are guaranteed under their contracts and agreements with the province, which is

usually higher than the market price. The global adjustment also covers the cost of conservation programs.

Auditor General **Bonnie Lysyk** said in her 2015 annual report that global adjustment fees added up to \$37 billion from 2006 to 2014, and that they were estimated to cost another \$133 billion from 2015 to 2032. The Tories' document says global adjustment costs totalled \$12.3 billion last year, half of which was due to nuclear and natural gas power.

To pull off this “refinancing” of the global adjustment, as the government calls it, the Liberals will use Ontario Power Generation to borrow the money that's needed. Electricity customers will pay less global adjustment, and OPG will give the Independent Electricity System Operator, the provincial agency that manages the power grid, borrowed money to make up the difference to the companies providing the energy.

The Liberal government's rationale for this part of their hydro plan is that much of Ontario's electricity infrastructure will last longer than initially contracted for, and customers shouldn't have to bear so much of the upfront cost.

The Tories' document also shows the debt that will accrue because of the plan. Approximately \$2.5 billion will be borrowed this year, it shows, and the debt load will hit an estimated high of \$27.7 billion by 2027. The document projects the debt for the hydro plan will be paid off by 2047.

A government backgrounder says that the “initial analysis” is that the debt won't top \$28 billion, which OPG president **Jeff Lyash** said will be tucked away in a special entity the company will create. Thibeault and Lyash agreed OPG was the right organization to manage the refinancing because of its experience going to the bond market to pay for projects.

The other parts of the Liberals' hydro plan include the 8-per-cent rebate that began in January, and the removal of the cost of social assistance programs from hydro bills, with those measures being enhanced and paid for using tax dollars. This will cost another \$5.5 billion over three years, the government estimates.

The government also says its bill will allow future bill increases to be set by regulation, allowing the Liberals to hold increases to the rate of inflation for four years.

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Opposition accuses Liberals of ‘just jamming’ bills through legislature

11.05.2017 Geoff Zochodne

The Liberal government’s critics are complaining that the Grits aren’t giving them enough time to criticize.

The legislature is currently scheduled to rise for the summer on June 1, and the Liberals have either time-allocated or plan to time-allocate legislation that will enact their sweeping budget and hydro plans.

“This is just jamming this through at the end of the session,” said NDP MPP **Peter Tabuns** on Thursday.

The Liberals passed a time-allocation motion Thursday morning that could pass Bill 127, the government’s 33-schedule budget bill, just five days from now.

The schedule, which was opposed by the Progressive Conservatives and NDP, would allow for six hours of public hearings at the committee stage. It would also see the bill debated for a total of 30 minutes at third reading. Third reading of the bill could happen as early as next Wednesday.

Government House Leader **Yasir Naqvi** said it was a “very important bill” because of the Liberals’ plan for free prescription medication for Ontarians under 25, as well as the added funding contained in the budget for schools and hospitals. He told *QP Briefing* it was the government’s intention to pass the bill before the summer recess.

“I think we know everybody’s views on this bill,” Naqvi said. “We feel that 30 minutes are sufficient in terms of third reading, if there are any changes made to the bill.”

Energy Minister **Glenn Thibeault** then said Thursday afternoon that the government intends to move quickly with Bill 132, the Fair Hydro Act, which outlines the Liberals’ plan to reduce electricity bills by an average of 25 per cent. Thibeault said that the government wanted the bill passed so that Ontarians would be enjoying their savings by Canada Day, which would entail passing it by June 1.

The minister said “there’s plenty of time” for the opposition to review the bill, given the briefings the government intends to provide.

“As we’ve recently seen in the house, the opposition can seek to delay or undermine passage of important pieces of legislation, but I think it’s important to say our government isn’t playing games with this one,” Thibeault told reporters.

This didn't sit well with the opposition. PC energy critic **Todd Smith** said both the issue and the government were "desperate."

"Clearly the government has rushed this legislation," Smith said.

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Your morning briefing

12.05.2017 Sabrina Nanji

Headlines

Patients in Ontario are getting kicked out of hospitals in bad fashion, [based on a *Globe and Mail* analysis of complaints to the patient ombudsman](#), **Christine Elliott**, erstwhile Tory MPP and leadership contender. Most of the complaints have to do with discharges from hospitals, and many patients said they felt they were treated inhumanely, or like they were just a number taking up bed space.

An Ontario civil servant, "chief architect" of the Greenbelt, is speaking out against what he calls "misleading" campaigns from developers aimed at knocking the province's anti-sprawl plan, [The *Globe and Mail* reports](#). **Victor Doyle**'s 25-page paper is a defence of the province's Growth Plan, which he says the industry has blamed for contributing to soaring housing prices and a lack of housing supply.

The Bard is getting the boot. Ontario school boards are scrapping mandatory Grade 11 English lit courses, including Shakespeare, with an eye to indigenous writers, [the *National Post* reports](#).

In the Soo, PC contender **Ross Romano** has responded to Liberal candidate **Debbie Amaroso**'s 10-debate challenge. Romano [isn't happy about one debate in particular, which he said is on partisan turf](#).

Metrolinx is moving on to Plan B. The provincial transit agency inked a deal with Alstom, a Bombardier competitor, to provide vehicles for Toronto-area transit projects, [the *Globe* reports](#).

The Amalgamated Transit Union isn't too happy with PC Leader **Patrick Brown**'s remarks about how the union operates, while Unifor seems pretty cool about the Tory leader's comments, [the *Toronto Sun* reports](#).

A Coroner's inquest is urging the province to regulate firefighting private training companies after a man died during a training exercise, [The *Canadian Press* reports](#).

Premier **Kathleen Wynne** said yesterday no one in the province wants shovels in the ground more than she when it comes to developing roads in the Ring of Fire region. [Over to you, First Nations](#).

Our stories from yesterday:

- [Opposition accuses Liberals of 'just jamming' bills through legislature](#)
- ['Confidential' documents casts cloud over tabling of Liberals' hydro bill](#)
- [Liberals chide PCs for 'quietly' killing 'anti-worker bill'](#)

- [Party leaders attempt to woo Northern Ontario](#)

Events

8:45 a.m.

Transportation Minister Steven Del Duca will make an announcement. 825 Eglinton Ave., E., Toronto.

10 a.m.

Premier Kathleen Wynne to visit John Polanyi Collegiate Institute to tour travelling exhibition “Anne Frank – A History for Today” and participate in a student roundtable alongside Education Minister Mitzie Hunter. 640 Lawrence Ave., W., Toronto.

10 a.m.

NDP MPP Peter Tabuns to hold a media availability. Queen's Park media studio.

11 a.m.

John Fraser, Parliamentary Assistant to the Minister of Health and Long-Term Care and MPP for Ottawa South will make an announcement. Children's Hospital of Eastern Ontario. 401 Smyth Rd., Ottawa.

12:30 p.m.

Premier Wynne to deliver remarks at the Italian Earthquake Benefit Luncheon. Montecassino Hotel and Event Centre, 3710 Chesswood Dr., North York.

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