Ministry of Energy Top Issues - May 04, 2018

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Date: Fri, 04 May 2018 07:00:47 -0400

Good morning,

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Bad books: How Ontario's new hydro accounting could cost taxpayers billions; As Ontarians head to the polls in June, voters have to make sense of two competing versions of their province's bottom line: The Auditor-General's and the Kathleen Wynne government's

theglobeandmail.com
Thu May 3 2018, 3:47pm ET
Section: National
Byline: Matthew McClearn

In March last year, Kim Marshall called and left a message for Bonnie Lysyk, Ontario's Auditor-General. Ms. Marshall was the chief financial officer of the Independent Electricity System Operator (IESO), the agency that manages the province's electrical system and acts as an intermediary between power generators and consumers. The IESO had just made a big change to its accounting practices, and Ms. Marshall said she wanted to give the Auditor-General a "heads up."

Ms. Lysyk was already well aware of the change. She and her staff had found the IESO's latest financial statements online. Poring over them in their downtown Toronto office, they found a terse footnote describing the new accounting policy.

"And my staff go, 'What the heck is this?' " Ms. Lysyk told The Globe and Mail. "You're not supposed to do this."

Ms. Lysyk believed the IESO's new practice - a method known as rate-regulated accounting - violated government accounting standards. What she didn't know was that it represented a radical departure in how the government of Premier Kathleen Wynne - not just the IESO - planned to disclose its future borrowing activities to the public.

Earlier that month, the government had announced significant reductions in electricity rates, what it dubbed the Fair Hydro Plan. A decade of investing in greener power sources, such as wind and solar, and the shuttering of cheaper but dirtier coal-fired power plants had resulted in soaring hydro bills - a serious political liability for Ms. Wynne, who had accepted personal responsibility for fixing the problem.

But charging Ontarians less for electricity than it cost to produce meant the province would have to borrow billions of dollars to cover the shortfall.

"In order for that to not show up on the bottom line, they created creative accounting to take it off the government's statements," Ms. Lysyk said.

Using that new accounting, the government declared it had balanced the province's books for the fiscal year ended Mar. 31, 2018, just months before a general election. But Ms. Lysyk said that was not true. And the Financial Accountability Office, the body responsible for providing the legislative assembly with independent analysis and advice on Ontario's finances, agreed: In December, it forecast that the province would actually rack up a deficit of $4-billion - a discrepancy that will grow markedly as the government's off-balance-sheet borrowing continues.

Ms. Lysyk said she's worried that the Wynne government's success in concealing its borrowing will encourage more aggressive bookkeeping, both in Ontario and in other provinces.

"If you get away with doing something that's inappropriate accounting, the next time you'll do it again and you'll do it again," she said. "Pretty soon they won't have any numbers that will have any integrity behind them."

Ontario had been racking up large deficits every year since the 2008-09 recession and already owed more than $300-billion - almost $22,000 for every person in the province. Bond rating agencies had downgraded its credit rating. That, too, had become a serious political liability.

Even before Ms. Wynne became Premier in 2013, Ontario's Liberals promised a return to balanced budgets. In his April, 2017, budget speech, Finance Minister Charles Sousa boasted that her government had finally done it. "And next year and the year after we're projecting it to be balanced, too," he declared. "And the people of Ontario can count on it."

It was made possible by a team led by the Ministry of Energy that also included senior officials from the Ministry of Finance, Treasury Board Secretariat, the Provincial Controller, Ontario Power Generation and the IESO. Between December, 2016, and May, 2017, they devised a novel approach that would allow the government to have its cake and eat it, too.

'The government is making up its own accounting rules'

As with most businesses, utilities record consumers' outstanding balances as assets, typically as "accounts receivable." The IESO's new practice, rate-regulated accounting, is akin to accounts receivable on steroids. The underlying idea is that heavily regulated industries, such as power generation, which are unable to set their own prices, should have a means of deferring costs, such as building a new power plant. Rate-regulated accounting allows utilities to place such costs in special accounts to carry them forward into future years, provided their regulator gives them the right to recover those costs through future bills. Such rights can be recorded as assets - even though no electricity has been generated, used or billed for.

The main criticism of the practice is that it can produce books bearing little resemblance to reality. When BC Hydro adopted it, that province's auditor-general objected strongly, warning in a special report that "if overused, rate-regulated deferrals can mask the true costs of doing business, distort the financial condition of an enterprise and place undue burdens on future taxpayers."

And what happens if the utility can't collect? "On a number of occasions," explained Michael Ferguson, the Auditor-General of Canada, "there has [later] come a realization that, in fact, the organization will not be able to charge those rates. And, therefore, there have been fairly large amounts of some regulatory assets that have been written off."

Recording expenses as assets is perfectly legal in certain contexts, but the practice has been controversial in the private sector. In their book Easy Prey Investors, forensic accountants Al Rosen and Mark Rosen write that recording "fake assets" on corporate balance sheets is one of the "most common financial scams of the past 50 years."

If the accounting concept is elusive, the IESO's motives for adopting it are even murkier.

In fact, the IESO decided against adopting rate-regulated accounting when it was formed in 2015 - a decision supported by its auditor, KPMG. And earlier this year, Ms. Marshall told the province's public accounts committee that in February, 2017, she presented financial statements prepared in the usual way to her audit committee.

The following month, though, she produced a fresh set of financial statements using rate-regulated accounting.

The official explanation is that in mid-January, 2017, at one of the earliest meetings to discuss the Fair Hydro Plan, Ontario Controller Cindy Veinot ordered Ms. Marshall to "take a closer look" at how the IESO accounted for its market accounts because she didn't think the IESO's existing policies were appropriate.

The government has repeatedly stated that Ms. Veinot's request was completely unrelated to the Fair Hydro Plan. Deputy energy minister Serge Imbrogno asserted that "the important thing is that the changes that the IESO made reflected its existing business" and not the Fair Hydro Plan, which had not been announced yet. Peter Gregg, who was appointed IESO president and CEO in April, 2017, said the management team simply asked itself: "Is this the right thing to do?"

Since Canada's public sector accounting standards make no mention of rate-regulated accounting, the IESO turned to private-sector standards in the United States known as generally accepted accounting principles, which permit the practice.

The official story overlooks two crucial details. First, while the IESO was changing its accounting policy, Mr. Imbrogno, Ms. Marshall, Ms. Veinot and other senior officials were already part of the team devising the Fair Hydro Plan. Enacted last June, the Fair Hydro Plan Act put IESO's new policy to immediate use, instructing the IESO to create a "regulatory asset" on its books. This "asset" reflected the agency's right to recover the costs it was about to incur paying for hydro discounts from future consumers, over a 30-year period.

Tim Beauchamp, a member of the auditor-general's advisory panel and a former director of the Public Sector Accounting Board, said the entire accounting structure of the Fair Hydro Plan depended on the IESO's ability to call this right an asset. "Without [the IESO], it doesn't work," he said.

The second detail is that, as an agency of the Province of Ontario, the IESO's finances are consolidated into the province's public accounts. With the provincial controller's encouragement, the agency's management had effectively adopted a new accounting policy on behalf of the entire province.

With those new rules in place, the Fair Hydro Plan could proceed. Here's how it works:

Ontario Power Generation, which operates the province's fleet of nuclear and hydroelectric stations, has assigned four of its employees to manage the Fair Hydro Trust, a special-purpose entity created in December. OPG's financial results will actually get a boost because it will earn interest and management fees from the trust. And OPG doesn't need to worry if the trust blows up financially, because the trust "is structured to be bankruptcy remote and ring fenced from OPG."

Even so, OPG appears to be the only arm of government that has expressed reservations about its role in the Fair Hydro Plan. "OPG's reputation could potentially be adversely impacted through its involvement as the Financial Services Manager under the Fair Hydro Act," the company warned in its 2017 annual report.

The Fair Hydro Plan's complexity comes at a cost. Had the province borrowed directly, the interest costs likely would total tens of billions of dollars over the plan's duration. But using information and assumptions supplied by the government, the Financial Accountability Office (FAO) calculated the additional interest costs at $4-billion over 30 years. Said Ms. Lysyk: "We're talking $4-billion more than needed, to get an accounting result."

Alexandre Laurin, the C.D. Howe Institute's research director, said he'd never before encountered such a convoluted arrangement in the public sphere. To him, the use of related party transactions between multiple entities resembles tax-avoidance schemes in the private sector.

"The same accountants that are advising the government are advising the private sector to build other types of complex accounting structures," he told The Globe. "How crazy is this, really?"

FAO officials had immediate concerns. "It looked like there was at least a very novel new approach being taken to a large amount of planned borrowing and repayment," chief financial analyst Jeffrey Novak said.

Meanwhile, the auditor-general's office scrambled to find out what had happened. Ms. Lysyk demanded tens of thousands of pages of briefings and e-mails created by the Fair Hydro Plan's architects. She began meeting with the senior officials responsible and their advisers, including KPMG.

Months later, she concluded that the IESO's accounting change was no mere coincidence: The government had instructed the Fair Hydro Plan's architects that the rate reductions must not cause a reported increase in the province's deficit and net debt. Other options were rejected on that basis.

Energy Minister Glenn Thibeault categorically denied accusations that the Fair Hydro Plan was an election ploy. And he justified the new accounting practice that made it possible by telling the provinces's estimates committee last October that because electricity ratepayers, not taxpayers, would be required to repay the debt and interest costs associated with the Fair Hydro Plan, the associated costs did not belong on the province's books.

In order to weigh the Auditor-General's allegations against the government's position, The Globe sought the same documents Ms. Lysyk used in preparing her reports. Her office is not subject to the province's Freedom of Information and Protection of Privacy Act, so The Globe requested them from the departments that originally produced them.

In responses to the requests, all the departments anticipated that large volumes of records would fall under exemptions in the act. The Treasury Board Secretariat, for example, said that of the 1,500 or so relevant pages in the possession of its deputy minister, just 169 would be released. Citing the large number of records involved, the Ministry of Energy estimated The Globe would be charged $112,000 in fees, half of that up front.

So The Globe issued narrower requests and also asked that the Information and Privacy Commission mediate some of them. At publication time, The Globe had received no documents.

'Don't tell the Auditor-General what we're doing'

What is clear is that, in devising the Fair Hydro Plan, the government relied heavily on consultants, including three of the world's "Big Four" accounting firms: KPMG, Deloitte and Ernst & Young. It also hired Blakes, a law firm. According to the Auditor-General, the government paid these advisers a total of $2-million for their services. In a statement, the Treasury Board Secretariat emphasized that work was part of the government's efforts to "ensure due diligence was completed."

Their opinions and advice carried the day. Sophie Kiwala, a Liberal MPP and member of the estimates committee, said on Oct. 24: "Our plan has been approved by the peers of the Auditor-General at some of Canada's top accounting firms, including Ernst & Young, KPMG and Deloitte."

KPMG's team, composed of more than half a dozen of the firm's partners, was led by Michel Picard. In one 32-page document www.theglobeandmail.com provided to The Globe by the government, KPMG itemized and refuted the Auditor-General's objections to the new accounting practice. "The concerns expressed by the AGO result from a difference of opinion in the application of professional judgment," KPMG spokesperson Lisa Papas told The Globe in a statement. As the auditor of IESO's books, the firm also signed off on the application of these new accounting standards, just as it had under the IESO's previous accounting methods. "We would like to emphasize that the standards provide a choice ," the firm said in a statement. "There has always been the ability to choose between two alternatives."

In the past three years, KPMG earned between $86,000 and $92,000 in annual fees for auditing IESO's books. Last year, it earned $652,000 for its advice on the new accounting policy.

Did KPMG's dual role as auditor and consultant represent a conflict of interest? "You might say that their ability to be impartial and effective auditors had become compromised," said Randy Hillier, a Conservative MPP who sits on the public accounts committee. "Why would you not [sign off] when you're getting such a significant bundle of cash?"

Ms. Lysyk told the same committee that firms should not be advocating for particular accounting treatments on a client's behalf while auditing the client's books.

Forensic accountant Al Rosen said that, generally speaking, it's not difficult to hire consultants to provide favourable accounting opinions in Canada, in part because standards are so elastic. "You can go to any of the public accounting firms and get them to render an opinion on whatever you want," he said. "The ethics have gone all to hell ."

KPMG and the IESO denied any impropriety. "It is very common for auditors to provide advisory services to help their clients understand the application of complex accounting matters," KPMG said in a statement.

Should the Auditor-General have been consulted?

On Jan. 11, 2017, as Ms. Lysyk's office prepared to audit Ontario's public accounts, it sent a letter to KPMG asking if there would be any accounting policy changes at the IESO. KPMG did not respond. There was a follow-up phone call, but KPMG did not call back. In Ms. Lysyk's opinion, KPMG had a professional obligation to respond.

She also felt that the Ministry of Finance and the Treasury Board should have told her earlier. "You do assume when you're the external auditor for anybody that you're kept in the loop," she said. "That's the relationship, it should be open and transparent."

She said the e-mails reviewed by her office confirm that the architects of the Fair Hydro Plan expected her office to object to the IESO's proposed accounting changes - and that their silence had been deliberate. "All the stuff said, 'Don't tell the Auditor-General what we're doing.' "

Helen Angus, the deputy minister of the Treasury Board Secretariat, resisted that allegation before the public accounts committee. "I don't think we second-guessed the Auditor-General on her opinion," she said.

KPMG agreed that it had a professional obligation to respond to the Auditor-General's requests, but it said it discharged that duty by answering her inquiries in the months after the publication of the IESO's statements.

And the IESO's senior management saw no need whatsoever to consult the Auditor-General. Mr. Gregg, the CEO, said his obligation was to satisfy his own board of directors and its audit committee. And Ms. Marshall told MPPs in February: "We would speak to the Auditor-General once we had come to a conclusion on our own."

So what did those "approvals" from the big accounting firms actually mean? In a statement to The Globe, KPMG emphasized it had no formal role in selecting or approving Ontario's accounting policies. Nor did Deloitte. Ernst & Young declined to answer questions about its work.

The Auditor General's office, on the other hand, is the only body responsible by law for opining on whether the province's financial statements have been prepared according to appropriate accounting standards. And if the government did not stand down, Ms. Lysyk warned, she would issue a qualified opinion on Ontario's books.

Other auditors-general confirmed that is not something they do lightly.

“It’s one of the most serious things we can do … to say we don’t believe this set of financial statements has been fairly stated,” said Mr. Ferguson, Canada’s Auditor-General.

Ms. Lysyk said she received letters from all the other auditors-general in Canada supporting her position. Although she declined to release those letters to The Globe, Mr. Ferguson confirmed that wrote such a letter.

So did Carol Bellringer, B.C.‘s Auditor-General. “It’s inconsistent with the framework that is in place for the public sector,” she said. “If British Columbia decided to set up a regulatory account within its provincial accounts, we would say, ‘No, you can’t do that.’ “

Others also rallied to Ms. Lysyk’s defence. In a report www.fao-on.org published in December, the FAO adopted her recommended accounting policy and warned that the government’s approach “reduced the transparency and reliability of Ontario’s fiscal plan.”

But Ms. Wynne’s government seemed untroubled by Ms. Lysyk’s warnings. She had already issued a qualified opinion on a separate issue - the government’s accounting for the assets of two pension funds, a matter of billions of dollars - but the government shrugged that off, too.

Deputy finance minister Scott Thompson signed the statement of responsibility on last year’s public accounts, with which the government accepts responsibility for the statements’ integrity and avows that they conform with public sector accounting standards. So did Ms. Veinot, the controller, and Ms. Angus, deputy minister of the Treasury Board. In theory, these signatures conferred substantial obligations upon these officials - even as the Auditor-General was warning them that the province was using improper accounting. (None of them granted The Globe an interview.)

The last line of defence was the legislature. The public accounts committee is charged with reviewing the Auditor-General’s reports and making recommendations to the Legislative Assembly. When it convened in February to discuss the Auditor-General’s concerns, Mr. Hillier, the Tory MPP, flagged the issue as unusual. “This committee has a track record of being non-partisan to a large extent,” he said - suggesting, though, that neutrality might be difficult when it came to the politically charged Fair Hydro Plan.

Indeed, the committee’s questioning split along party lines. Mr. Hillier and NDP MPP John Vanthof hammered the officials involved in creating the financial and accounting structure, demanding justification for the additional interest costs.

Liberal MPP Liz Sandals, by contrast, asked no questions about the Fair Hydro Plan. Instead, she voiced her support for rate-regulated accounting and defended the IESO's decision to not consult the Auditor-General. She used much of her allotted time to ask Mr. Thompson to comment on the balanced budget. He responded that the government was "in a very solid position to balance this fiscal year."

An era of bad books?

Last month, the government published the 2018 Pre-Election Report on the state of the province's finances. The requirement to produce that report was first introduced in 2004, by the government of Dalton McGuinty. Published in the lead-up to the 2007 election, then-finance minister Greg Sorbara presented it as an antidote to the Conservatives' alleged accounting shenanigans.

"The previous government's approach to balancing the budget was to count on phantom revenues like asset sales which they knew would not materialize," Mr. Sorbara said in a statement. "It is essential that the real state of the province's finances be known before and not after an election."

With Ontarians heading to the polls on June 7, they are confronted by two conflicting accounts about the state of their province's current and future indebtedness.

At press time, the Auditor-General's office was rushing to prepare her opinion on the Pre-Election Report. She is likely to issue another qualified opinion.

The Fair Hydro Plan triggered a breakdown of trust. Previously, the Auditor-General relied on KPMG to audit the IESO's books. Not any more: This year, she conducted her own special audit. "We couldn't risk that something else is going to pop up on this," Ms. Lysyk said.

It did not go well. Ms. Lysyk said she was "professionally unable" to provide an audit opinion because management refused to sign certain documents.

"They basically treated, I think, my audit team like we were subservient to KPMG," she told the public accounts committee. "When a board or management in any other province recognizes that an AG's office has issues with their accounting, they would have handled it differently."

Both the IESO and KPMG said they co-operated fully at all times.

Ms. Marshall will step down as the IESO's CFO at the end of this month. (No replacement has been named.) But the battle over the integrity of Ontario's financial statements rages on. In March, Ms. Lysyk warned the public accounts committee that the government risked receiving its first-ever "adverse" opinion - essentially a disclaimer that the financial statements should not be trusted.

One year after the unveiling of the Fair Hydro Plan, the irony is that the alleged raison d'être for the accounting practice that made it possible has suddenly vanished: Mr. Sousa, the finance minister , has revealed that Ontarians can no longer count on balanced budgets; he has forecast deficits of more than $6-billion for each of the following three years as the government ramps up spending on health care, child care, social assistance and postsecondary education.

The government now forecasts its next balanced budget won't arrive until 2024-25. In a recent report examining Ontario's finances, the C.D. Howe Institute concluded: "While the government may claim to have balanced the budget for 2017/18, the medium- and long-term fiscal outlook for Ontario is dire."

An earlier version of this article (an April 26 article on the Ontario Auditor-General report) incorrectly stated that Ontario Controller Cindy Veinot ordered a closer look at adopting rate-regulated accounting. In fact, she ordered a reconsideration of the accounting for market accounts.

Ontario announces wood heating projects for northern communities

Toronto Sun
2018-05-03
Byline: The Canadian Press

TORONTO — The provincial government says funding from Ontario's participation in the carbon market is being used on four new wood heat pilot programs.

The government says the projects are designed to help people in northern, rural and indigenous communities save on energy costs.

It says the programs will also fight climate change and improve air quality by reducing the use of greenhouse gas-intensive fuel sources and old, inefficient wood stoves.

The programs will operate in communities without access to natural gas that rely on a mix of wood, propane, fuel oil and diesel-generated electricity to heat homes and other buildings.

The indigenous-led pilot programs will operate in Wiikwemkoong and Nishnawbe Aski Nation territory and offer free installation of new wood and pellet heating systems.

Another two municipally-led pilot programs will offer rebates for these systems to people in the northern Ontario communities of Wawa and Sioux Lookout.

“This project is a tremendous step forward in providing safer and healthier living conditions for our communities that rely on diesel power,” NAN deputy grand chief Derek Fox said Wednesday in a release.

“The communities that have received the wood stoves will see a reduction of the health, safety and environmental impacts associated with diesel generation,” he said.

MPP wants power utilities to pay up

Windsor Star
Fri May 4 2018
Page: A3
Section: City & Region

One area MPP thinks Essex County residents should receive a discount for the numerous power outages they endure. Taras Natyshak, NDP MPP for Essex, introduced a motion in the legislature Thursday to reimburse hydro customers if they experience more than three power failures in a single billing period. Natyshak’s motion would require electricity suppliers to reimburse affected customers by an amount equal to each customer’s delivery charges during the billing period in which the outages took place.

Statement: NDP Leader Andrea Horwath on Doug Ford and hydro | PC leader believes in privatizing electricity system

Sudbury.com
2018-05-03

"Doug Ford confirmed once again this morning that he stands proudly for a privatized hydro system in Ontario - one that places profits for wealthy shareholders ahead of lowering hydro bills for every day families.

Mr. Ford has endorsed the Liberals' disastrous hydro borrowing scheme, which will cause bills to skyrocket by 70 per cent right after the election and add $40 billion of debt for future generations to pay off. This after repeatedly criticizing the Liberal scheme and the high executive salaries that come along with it.

Ford has committed to leaving 'no stone unturned' when it comes to what he will privatize next - saying every ministry would be a target - including the Ministry of Health and Long-term Care. Ontario families are wondering what that means for the services they depend on: more cuts to our already overcrowded hospitals? A longer wait for the 32,000 people already on the list for long-term care? More school closures?

This is not the change Ontario needs - as Premier I will end the Liberal borrowing scheme and bring Hydro One back in to public hands where it belongs. The NDP plan will reduce hydro bills for families and businesses by about 30 per cent, and keep hydro bills down in the long run.

I will invest in the services that every day families count on. That's change for the better."

Horwath takes aim at northern gas prices

Tbnewswatch.com
2018-05-03
Byline: Matt Vis

KENORA, Ont. – Andrea Horwath plans to address what she calls unreasonable regional gas price differences if her party forms government next month.

The Ontario NDP leader during an address to the Northwestern Ontario Municipal Association in Kenora on Thursday pledged to reform how gas is sold in the province, including controlling prices across Ontario and taking a closer look at why fuel is significantly more expensive in Northwestern Ontario.

Horwath used the example of how prices skyrocket immediately before a long weekend, which she said is a common practice in Ontario.

“We’re going to regulate gas prices so that every week you’re going to know what the price of gas is and you’re going to know that it’s not going to change until a week later on the same day,” Horwath said.

Gas prices are consistently higher in Northwestern Ontario compared to the rest of the province. Prices in both Thunder Bay and Kenora were at $1.40 per litre on Wednesday, nearly 10 cents higher than the Ontario average, according to the Gas Buddy watchdog site.

“There’s really no rhyme or reason for the additional charges or additional costs built into the gas price for northern communities,” Horwath said.

“Yes, it’s going to cost more to transport gas to the distribution nodules here in Northern Ontario but is that a reasonable amount that’s being charged? Who knows? We’ll make sure it’s not a guessing game and that it’s not something that’s secret. We’re going to make sure the extra charges for regional differentials make sense and that they’re appropriate.”

Horwath said an NDP government would restore winter highway maintenance as a public service after years of privatization. The status of eight of the province’s 20 contracts have come into question after Carillion Canada, which is responsible for thousands of kilometres of highway, entered into creditor protection earlier this year amid its British-based parent company’s financial collapse.

It’s not acceptable for people to risk their lives to drive on snow and ice-covered highways in the winter, she said.

“Nobody in Northern Ontario in the winter time should worry about what they’re going to find on the highway as they travel from one place to another, knowing that’s what happens day in and day out in the north,” Horwath said, adding public transit options to avoid driving are not available in the region.

Horwath acknowledged it would be a multi-year process to bring highway maintenance back as a public service but said she would not blindly tear up contracts.

“This government has allowed those contracts to continue notwithstanding all of the breaches of the contracts. They’ve fined these companies over and over again. The companies don’t pay the fines and the government still allows them to continue with the contracts,” Horwath said.

“We’ll be going through them with a fine-tooth comb to find the solutions we need.”

Horwath also promised $1 billion for Ring of Fire development, to bring back the Ontario Municipal Partnership Fund to $550 million annually and $100 million for natural gas expansion to rural and northern communities.

Trustees urged to plug students into Hamilton's electric milestone

Hamilton Mountain News
2018-05-03
Byline: Richard Leitner

The group that convinced the city to rename a stretch of Burlington Street after Nikola Tesla is now hoping the public school board will ensure students learn about the Serbian-born inventor's connection to Hamilton.

Veroslav Djurdjevic, president of Nikola Tesla Educational Corp., told trustees his registered charity will help the board work Tesla's ideas into the history curriculum, including with free educational materials and teacher seminars.

He said Tesla played a key role in a plan that, in August 1896, made Hamilton the first major Canadian city to be supplied alternating-current electricity, a development paving the way for the city's rapid industrialization.

Unlike direct-current electricity, he said, AC power could travel long distances, allowing it to be transmitted to the city from a generating station 56 kilometres away at DeCew Falls, located at the base of the escarpment, near Brock University.

"Hamilton became the electric city, and this is a little-known fact, and even I had no knowledge of this when I started on this mission," said Djurdjevic, a retired Canada Revenue Agency manager.

"What they had accomplished was unthinkable and overcame insurmountable odds."

While welcoming the proposal, trustees left it up to staff to consider whether and how to proceed.

Education director Manny Figueiredo said any decision to incorporate the Tesla history would have to be consistent with the Ontario curriculum and reflect student interest.

“At a system level, we never say, ‘Thou shalt, everyone will teach this at this time,’ because that flies in the face of sort of the differentiations of saying we want students to be passionate and engaged,” he said.

“What we have to mandate and monitor is the Ontario curriculum expectations being taught, and what we provide teachers is differentiated resources to make that happen.”

Natural gas to flow to Scugog Island

Port Perry Star
Mon Apr 30 2018
Page: 1
Section: News

SCUGOG - Enbridge Gas has secured more than $6 million from the province to bring natural gas service to Scugog Island.

At an April 27 announcement held at the Scugog Island Community Hall, Durham MPP Granville Anderson confirmed the province would provide the energy company with $6.3 million to expand access to natural gas on Scugog Island and build the supporting natural gas infrastructure.

The funds, Anderson said, will allow Enbridge to construct a reinforcement and distribution pipeline to connect homes and businesses on Scugog Island to natural gas. It’s hoped, said the Durham MPP, that the service will help attract new industry, make commercial transportation and agriculture more affordable, provide a cleaner source of energy and reduce costs.

The introduction of natural gas to Scugog Island is “definitely a game-changer for this community,” said Anderson.

The Durham MPP said natural gas will lower home-heating costs “immensely” and that there’s “no chance you’ll run out of heat in the winter months here.”

Enbridge should begin natural gas connections in 2020, the energy company’s officials said at the announcement.

The province launched its natural has grant program in 2017 to provide approximately $100 million to support projects in northern, rural and First Nations communities to help increase access to natural gas and significantly lower heating costs.

According to a news release from Anderson's office, it's estimated that families could save as much as $1,100 each year on heating costs.

Don Kett, Scugog's Ward 3 councillor, has long pushed for natural gas expansion to Scugog Island and was ecstatic at last Friday's outdoor ceremony.

"This is the greatest announcement Scugog Island ever had today," he said to a round of laughter from the dozen or so people on hand.

Coun. Kett called the provincial funding "groundbreaking" and praised the advocacy work of Anderson.

In early 2017, Enbridge officials appeared before Scugog council to pitch their plan to bring natural gas to Ward 3. At that time, councillors were informed of new guidelines endorsed by the Ontario Energy Board that allow for new financing mechanisms to extend natural gas service to new communities "based on the conclusion that, for many unserved communities, a higher gas distribution rate would be more than offset by the savings the new customers would realize over time from the conversion to natural gas."

Under those new financing options, Scugog Island customers would be subjected to a "temporary volumetric surcharge" that would see a 23-cents-per-cubic-metre fee added to bills for a period of up to 40 years. It's expected that will add up to an extra $550 per year for customers on Scugog Island, Enbridge officials say.

At the April 27 announcement, Robert Dysiewicz, Enbridge's manager of low carbon solutions, confirmed that the surcharge would remain even with the provincial funding.

He stressed, however, there's "a very high probability" the 40-year time frame for the surcharge could be reduced if there's a high connection rate on Scugog Island and gas use is high.

In 2017, it was estimated that 1,000 new customers could be recruited from Scugog Island.

Under current regulations, existing Enbridge customers cannot subsidize the costs of expanding natural gas service, resulting in the need for the new financing options, councillors were told last year.

Dysiewicz noted that Enbridge's plan to expand to Scugog Island needed three key elements: provincial funding, a tax break from Scugog and a surcharge on new customers.

Last June, Scugog councillors also agreed to defer the municipal portion of the property taxes on the proposed Scugog Island natural gas pipes for a period of 10 years. It's estimated that those pipes, once in the ground, would yield the township about $24,000 annually.

Nipissing FN sees green in produce; First Nation explores greenhouse potential

North Bay Nugget
Thu May 3 2018
Page: A1 / Front
Section: News
Byline: Gord Young

Nipissing First Nation is looking to build and operate a commercial greenhouse facility.

The community is putting a $40,000 Northern Ontario Heritage Fund Corporation grant to work on a feasibility study for the proposed facility, which would provide year-round access to locally grown produce.

Mike Harney, Nipissing First Nation's economic development manager, says the study will look at how such a facility could operate, including the most suitable types of technology, building structures and crops for this area.

"We're not looking to compete with local farmers. We want to the fill the gaps that exist locally," he says, noting the idea is to start off growing greens of some sort, most likely a vegetable that is harder to come by during the winter.

Harney says the project is aimed at food security and economic development. He says having a commercial greenhouse could help to ensure a secure food source for this area, particularly in light of potential risks associated with climate change in this area and other parts of the world from which food is shipped.

He points to lettuce as an example, noting much of what's sold in grocery stores comes from

California. But by the time it arrives here, Harney says, the spoil rate is as high as 40 per cent.

He says Nipissing First Nation also sees an opportunity to develop some expertise over time around the operation - something that could be shared with other First Nations and Northern communities.

Harney says Nipissing has an industrial park where the facility could be situated. But, he says, the study is expected to include recommendations regarding location.

The study is expected to be wrapped up by Christmas.

“If all goes well, we’ll be moving on to the next phase -construction -by next summer.”

Proposed Southwold solar project resisted by rural residents

St. Thomas Times-Journal
2018-05-03
Byline: Louis Pin

If all goes according to plan, solar panels will soon run along the abandoned CN Rail line in Lawrence Station -- to the chagrin of local environmentalist Rob Braam.

Braam lives in Lawrence Station, southwest of London. The town is one of 11 abandoned stretches of railroad in the Township of Southwold targeted for development by the London-based German Solar Corporation.

Each location is expected to produce roughly 500 kilowatts of power.

But some people in Lawrence Station -- and many in Elgin County and Middlesex County -- have problems with the solar project. They say the solar project is destroying local habitats and nothing is being done to replace them.

"We've brought these concerns up," Braam said. "A silent group has been working away here, trying to make a difference, but we can't make any progress. (German Solar) will move a project for visual looks but they won't consider the environment."

"The end result is there will be so very little habitat left," Braam added.

The solar project was first proposed in 2015. Since then Dennis German, president of German Solar Corporation, has been present at community meetings and has altered the project due to community concerns.

German Solar has also complied with all regulations overseen by the Ministry of the Environment and Climate Change.

"We're going on two years of study now," German said in an interview with the Times-Journal Thursday. "A lot of the study that we took on took above and beyond what was the basic requirements."

Southwold's municipal council recently supported the project, which will generate an annual municipal kickback estimated at $11,000.

But Braam is unsatisfied. He recently handed out pamphlets and collected signatures in opposition of the project but says his concerns have not been addressed.

"We used to have milk snakes, tons of them around my house," Braam said. "The last one I saw was two years ago. I used to get American toads; we only got one last year. They used to be all over."

One solution, Braam said, is to pay farmers to develop land near the solar panels. That low-yield agriculture land could be restored to a habitat alternative for species put out by the solar farms.

Other concerns were tabled at an Ontario Federation of Agriculture meeting in March, one Braam was not able to attend.

"(German) doesn't really provide us with any details," said Don Miller, a resident at the meeting. "How do I keep my cows off? What happens to the land in-between?"

German has a different perspective.

"The majority of folks are fine with our projects and what we're doing," German said. "They're solar projects. They're small-scale projects."

The German Solar Corporation project is not as polarizing as the proposed Invenergy Canada LLC wind turbine farm in Dutton-Dunwich. In 2016 residents voted overwhelmingly against the wind project, one the province ultimately pushed through.

The German Solar project is different, German said.

"At the end of the day this is a highly disturbed stretch of land," German said. "It was a transportation corridor for 125 years. My company doesn't build projects on pristine environmental land."

Nuclear waste plan has to meet norms

Ottawa Citizen
Fri May 4 2018
Page: A9
Section: Opinion
Byline: Aurèle Gervais,

Re: Canada has a dirty, big nuclear secret at Chalk River, April 23; Chalk River's nuclear waste facility will respect safety and the environment, April 26. The Canadian Nuclear Safety Commission (CNSC) has been following the opinion pieces regarding the proposed Near Surface Disposal Facility at Chalk River Laboratories and the requirement for Canadian Nuclear Laboratories (CNL) to apply for and secure a licence to construct and operate this proposed facility.

It is important to remember that the CNSC is Canada's independent regulator for the nuclear sector. In this role, the CNSC will review and assess CNL's proposal thoroughly, and will only allow the project to proceed if it is convinced that it is safe for Canadians and the environment.

In addition, the CNSC has a robust public participation process that includes public hearings, often held in local communities, and a Participant Funding Program to support members of the public, stakeholders and Indigenous Peoples who wish to participate in our regulatory decision-making process. The CNSC also has a proactive and transparent consultation approach that spans the life cycle of a project, from cradle to grave.

CNL's Near Surface Disposal Facility proposal is currently undergoing an environmental assessment under the Canadian Environmental Assessment Act, 2012. The CNSC has identified a number of areas where additional information needs to be included in the licensee's final environmental impact statement (EIS) and other technical supporting documentation. A complete submission is required before the CNSC can complete its assessment and proceed to public hearings.

The CNSC encourages Indigenous Peoples, members of the public and stakeholders to participate in the environmental assessment review process. Their concerns and interests are of vital importance to the federal government and to the CNSC to ensure an open, balanced process, one that strengthens the quality and credibility of a project's review.

Aurèle Gervais,

Media Relations, Canadian Nuclear Safety Commission

Ending Ontario's electric agony

National Post
Fri May 4 2018
Page: FP9
Section: FP Comment
Byline: Lawrence Solomon

By all accounts, Doug Ford, a bruiser who polls predict will be Ontario's next premier, lacks a deep understanding of the intricacies of energy policy. The result for Ontarians, if he follows through on his election campaign's unsophisticated themes, will be basic, and beneficial: an end to the esoteric policies that have brought the province to ruin.

Ford vows to stop taxing carbon by scrapping the Wynne government's capand trade system, which currently costs a typical Ontario household $500 a year, projected to rise to $2,500 a year by 2022. Doing so would pit Ford against Prime Minister Justin Trudeau and the federal government, which threatens to carbon-tax Ontarians if Ford refuses to. But that seems an empty threat - the federal Liberals would be reluctant to impose a carbon tax on Ontarians when running for re-election next year. Even if the federal government does impose a carbon tax on Ontario, the Supreme Court may strike it down as unconstitutional - some legal scholars believe Trudeau has improperly intruded into an area of provincial jurisdiction.

Ford also vows to slash Ontario's skyrocketing power prices - the chief reason businesses are fleeing the province - by matching Premier Kathleen Wynne's 25-per-cent rate reduction and boosting it by another 12 per cent. Critics say he can't fulfil that promise simply through the trims he's stressing, such as cutting the remuneration of the power company's top brass and shifting conservation expenses away from electricity billpayers to taxpayers, and they're right. But Ford could easily keep his promise, and without the deep indebtedness Wynne would be incurring, by following through on what the Liberals fear most: repealing the Green Energy Act and challenging the odious renewable-energy contracts that Liberal governments parcelled out to their cronies.

“We’re troubled by the fact that Doug Ford would recklessly tear up a contract, where an agreement had already been signed - a harmful signal to businesses looking to invest in Ontario,” recently stated Ontario Energy Minister Glenn Thibeault, in trying to sidetrack any effort at ending the lavish deals with the wind and solar companies that enriched his party with donations, while impoverishing electricity billpayers. “And not just that, cancelling contracts would leave the province dealing with major lawsuits and penalties and likely increase electricity rates due to these costs.”

Thibeault must know that he’s wrong in law and in history: Governments in Canada - and especially Ontario governments - have a long history of tearing up ill-advised contracts they’ve entered into, most prominently in the electricity sector. The practice of governments tearing up contracts, in fact, is as old and well established as the electricity sector itself: The developers a century ago who built power plants and transmission lines on the basis of what they thought were ironclad contracts saw them later nullified, even when a contract was backed by legislation, when a new government amended the legislation in response to public outrage over sweetheart deals. To cut off any argument a developer might want to make in court, the province even passed a law denying companies legal redress. “If the Legislature says, it is your duty not to try such and such an action, it is my duty not to try it,” Justice W. R. Riddell explained at the time. “I am here to carry out the laws.”

A Ford government would be following a time-honoured practice in overturning the sweetheart deals cooked up by its Liberal predecessors and their cronies, and it would be immune to any penalties, as long as the contracts were torn up the right way.

“The right way is to legislate: to enact a statute that declares green contracts to be null and void, and the province to be free from liability,” explains Bruce Pardy, professor of law at Queen’s University, a former adjudicator for the Ontario Environmental Review Tribunal and author of the 2014 Fraser Institute study, Cancelling Contracts: The Power of Governments to Unilaterally Alter Agreements. “Statutes can override ironclad provisions in a contract because that is the nature of legislative supremacy: Legislatures can pass laws of any kind, as long as they are within their jurisdiction and do not offend the Constitution. Legislating on electricity production is clearly a provincial power.”

Many would be repulsed at the thought of cancelling contracts between governments and developers - especially those Ford refers to as “the political elites and the establishment” who have been “lining their pockets” - on grounds that all contracts are “sacred.” Their views are mistaken. It is the rule of law that is sacred, and the rule is clear: governments in our democracy can and do cancel odious contracts. There's nothing sacred about contracts that threaten businesses, worsen the lives of 13-million citizens and place Ontario in debtor's prison.

With the stroke of a pen, a newly elected Premier Doug Ford could and should undo the grievous wrongs done to the Ontario economy and the Ontario citizenry, and set the province on a sustainable course for the future. It is the only just and honourable thing to do.

Lawrence Solomon is executive director of Torontobased Energy Probe.