Ministry of Energy Top Issues - October 18, 2017

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Date: Wed, 18 Oct 2017 06:59:37 -0400

Good morning,

Here's what's making news:

- Watchdog questions rate cut's true cost; Auditor general says province faces extra $4B in interest -- Toronto Star, pg. A2
- Liberals 'cook the books'on Fair Hydro Plan -- Toronto Sun, pg. A5
- Ontario Liberals violating accounting rules: auditor -- The Globe and Mail, pg. A9
- Ontario 'Fair Hydro Plan' renders province's books unreliable, auditor warns -- Ottawa Citizen, pg. A1
- Auditor general blasts Kathleen Wynne's 'Fair Hydro Plan' -- CBC.CA News
- Grits broke every rule in the book; But even auditor's devastating criticism may not be enough to defeat them -- Toronto Sun, pg. A5
- Lysyk slams Liberals' hydro accounting; True financial impact of cuts to power bills being obscured -- Waterloo Region Record, pg. A5
- Customers could pay steep price for Ontario's hydro plan, auditor warns -- Globalnews.ca
- Patrick Brown, Ontario PC Leader Issues Statement on the "Unfair" Hydro Plan -- SaultOnline.com
- Ontario government obscuring true financial impact of cuts to hydro bills: AG; Ontario obscures true cost of hydro cuts: AG -- Canadian Press
- Bruce Power comments on federal response to the Standing Committee on Natural Resources' report -- Kincardine News
- Dispute Over County Road Access to Wind Turbines -- Blackburnnews.com

Watchdog questions rate cut's true cost; Auditor general says province faces extra $4B in interest

Toronto Star

Wed Oct 18 2017

Page: A2

Section: News

Byline: Robert Benzie

Ontario's financial watchdog is sounding the alarm over the Liberal government's 25-per-cent cut in residential electricity rates.

Auditor general Bonnie Lysyk estimates the scheme, unveiled last May, could cost Ontarians an additional $4 billion in interest charges over the next 30 years.

In Lysyk's latest salvo against the provincial government in her ongoing accounting dispute with Queen's Park, she expressed outrage at how the hydro rebate will appear on the books.

"The accounting proposed by the government is wrong," said the auditor general, decrying the use of U.S. accounting standards that enable the Liberals to bankroll the rate cut through the new government-owned OPG Trust.

Because the trust will have to borrow money at a higher interest rate than the province pays, Lysyk estimated there will be an extra $4 billion in charges over 30 years for a total of $39.4 billion.

But that is not reflected on the provincial treasury's annual bottom line because electricity ratepayers, not taxpayers, will cover the tab.

"They had to come up with something that would not derail the government's promise to present balanced budgets for 2017-18 and the next few years," she said Tuesday.

Energy Minister Glenn Thibeault insisted "there was no fast one being pulled at all."

Thibeault noted the government wanted electricity subsidies to be charged to the rate base, not the tax base, and stressed the similar accounting practices used in Alberta, Texas, New York, Minnesota and other jurisdictions.

"Electricity financing should remain within the electricity system," he said.

Facing a massive outcry over soaring hydro rates in many parts of the province, Premier Kathleen Wynne moved forward with generous rebates.

Last Jan. 1, Wynne removed the 8-per-cent provincial portion of the harmonized sales tax from electricity bills.

That was followed by an additional 17-per-cent cut that took effect over the summer.

The government has justified borrowing money to pay ratepayers by likening it to refinancing a mortgage to enjoy lower payments over a longer time.

Thibeault, who will unveil Ontario's long-term energy plan on Oct. 26, said the hydro rate cut merely "smooths the costs of those investments out over a longer period of time."

But Progressive Conservative Leader Patrick Brown accused the Liberals of using "shady accounting methods and cooking the books for politically motivated reasons."

Brown said the hydro cut was a "re-election ploy" to help the Grits in the June 7, 2018 campaign.

NDP MPP Peter Tabuns (Toronto Danforth) said Lysyk has exposed "an Enron-style accounting scheme whose sole purpose is to hide this truth from the public.

"The auditor general has confirmed that Kathleen Wynne's hydro borrowing scheme will cost Ontarians $40 billion and that Kathleen Wynne will charge families $4 billion just for the accounting tricks she's using to cover up just how bad this plan is," said Tabuns.

Liberals 'cook the books'on Fair Hydro Plan

Toronto Sun

Wed Oct 18 2017

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Section: News

Source: Toronto Sun

The Ontario Liberal government "cooks the books" - spending up to $4 billion more than necessary to hide the true cost of its latest hydro scheme, Progressive Conservative Leader Patrick Brown says.

By structuring the cost of the Ontario Fair Hydro Plan (OFHP) in such a way that it was off the government books - adding to borrowing costs but not showing up as more red ink in the provincial budget - the Liberals were essentially forcing taxpayers to fund their re-election campaign, he said.

“This is cynical politics at its worst, making up their own rules, charging Ontario families more to serve the partisan interests of the Liberal Party,” Brown said, shortly after a damning auditor’s report was tabled in the Ontario legislature Tuesday.

The Ontario Liberals, who ran a budget deficit for several years after the 2008-09 recession, announced in their spring budget that the books will be balanced for the upcoming fiscal year.

Provincial voters go to the ballot box next June.

NDP MPP Peter Tabuns, who also sided with the auditor general’s view that this type of accounting was wrong, said the government was attempting to book as an “asset” its ability to charge future hydro ratepayers more than their power will be worth.

“This was one of the most shameless displays I’ve ever seen from Liberal cabinet ministers,” Tabuns said, after Energy Minister Glenn Thibeault and Treasury Board President Liz Sandals defended their financing decisions. “They’re trying to make this whole thing to be a fight over accounting. The guts of this is that the government is spending $4 billion more in interest that we’re going to have to pay for in our hydro bills, so they can move these numbers off their books so they can make it look like they’re not running a deficit.”

Ontario Liberals violating accounting rules: auditor

The Globe and Mail
Wed Oct 18 2017
Page: A9
Section: News
Byline: JUSTIN GIOVANNETTI

Ontario's Liberal government is using inappropriate accounting to keep billions of dollars in red ink off the public books to conceal the financial impact of cutting electricity bills by 25 per cent, the province's Auditor-General warned in a strongly worded rebuke on Tuesday.

The decision by Premier Kathleen Wynne's government to use a complex financing system to pay for an electricity rebate plan that could add up to $39.4-billion over three decades will cost Ontarians $4-billion in unnecessary interest and is a serious and unprecedented violation of Canada's public-sector accounting rules, Auditor-General Bonnie Lysyk said on Tuesday morning. A few hours later, Treasury Board President Liz Sandals dismissed the concerns as an "accounting dispute" between the government and the Auditor-General.

"This is not, as some would suggest, a difference of opinion between accountants on some obscure rules of bookkeeping," Ms. Lysyk told reporters after her report was released. "This is far more serious.

The accounting proposed by the government is wrong."

Facing an election next summer and significant pressure to reduce electricity rates that have skyrocketed in recent years and are among the highest in North America, Ms. Wynne's government announced a plan to slash hydro bills by 25 per cent this year. The plan also caps increases at the rate of inflation for the next four years. It will cost the province nearly $40-billion over the following decades, according to Ms. Lysyk.

The Financial Accountability Office, the province's financial watchdog, has warned that Ontarians will pay higher electricity bills for almost two decades to finance the reduction of power rates in the short term.

The Auditor-General says the provincial government decided to treat billions of dollars in new debt needed to finance the electricity rebates as an asset to be sold to investors rather than debt. Neither the new debt nor the extra revenue collected on hydro bills in future decades to pay it off will be reflected in the government's books, Ms. Lysyk said.

The new debt will instead be held by a trust created by Ontario Power Generation (OPG), the Crown corporation responsible for generating about half the province's electricity.

The money flowing between Ontarians who pay their hydro bills and the generators paid for producing the electricity will be routed through four government agencies, including the Independent Electricity System

Operator, which controls the power market; the new OPG trust; OPG itself; and the Ontario Financing Authority, the agency that manages the province's debt and borrowing; as well as investors who provide the money. The complex setup will cost about $4-billion due to higher interest costs paid by the arms-length agencies, rather than if the government had simply put the new debt on the province's books, Ms. Lysyk said.

“Why plan to pay more than you have to?” she asked. “They had to come up with something that would not derail the government's promise to present balanced budgets in 201718 and the next few years.”

After years of deficits, the province tabled a balanced budget in the spring. Had the government accounted for the electricity rebates using Canadian accounting rules, an annual cost of $2.5-billion would be recorded, the Auditor-General said.

“The government does not agree with the assertions and the conclusions of this report,” Energy Minister Glenn Thibeault said on Tuesday afternoon. He and Ms. Sandals argued that the complex financing system for the rebates was created according to U.S. accounting rules because the government did not want taxpayers to be on the hook for a debt that should be repaid through hydro bills. The U.S. system had to be used because Canadian accounting standards have no clear rules for allowing governments to create the complex arrangement.

“Perhaps the essential accounting dispute that we have with the auditor is a dispute over what happens when the Canadian Public Sector Accounting Standards are silent, when they don't give direction,” Ms. Sandals said. “We keep running into this problem because, quite frankly, Ontario is the biggest province, and we often have bigger projects and do things a bit differently from all the smaller provinces.”

Ms. Lysyk rejected that argument.

“They are silent,” she said of Canadian rules, “because they don't permit this.”

Ontario 'Fair Hydro Plan' renders province's books unreliable, auditor warns

Ottawa Citizen

Wed Oct 18 2017

Page: A1 / Front

Section: City

Byline: David Reevely

Hiding billions of dollars the Ontario government is borrowing to lower electricity bills for a few years will cost hydro users an extra $4 billion, the province's auditor general reported Tuesday morning.

Maybe worse, Bonnie Lysyk said in a special report on the Liberals'"Fair Hydro Plan," the tricks the government is using throw doubt on all the province's books. The government, citizens, auditors and giant institutions that lend the province money are pretty much operating in a post-truth universe, where what the Liberals say is going on with Ontario's finances has begun to drift from any previously understood shared reality.

What the Liberals have done "would be unacceptable in the private sector, and we maintain that this is also unacceptable in the public sector," Lysyk reported.

"If the consolidated financial statements are so unreliable that an adverse opinion is warranted, terms like 'balanced budget,'deficit,'asset'and 'net debt'will be meaningless."

Here's what's happening. Earlier this year, Premier Kathleen Wynne gave up defending the increases in the price of electricity since the Liberals took over in 2003.

She and her cabinet put together a plan to cut bills that amounted to paying today's costs with borrowed money and repaying it with interest later. It has already cut residential bills by an average of 25 per cent, beginning last summer. And it will increase them by a combined total of $21 billion over time, when all that interest has to be paid, according to a previous report by Ontario's financial accountability officer (whose job is specifically to run budget numbers independently of the government and whose findings Lysyk used for her dollar figures).

The argument they make is that the investment in cleaner and more reliable power will benefit us for a long time, so we should pay for it over more years - that's "fairer." This is debatable, but not obviously ludicrous.

That additional “fairness” is costing $17 billion in interest, spread out over years.

The Liberals really, really, really wanted to keep that debt off their books, so they could also go into the next election saying the provincial budget is balanced. Borrowing billions in an election year would get in the way. So they did some advanced financial engineering to put the debt on Ontario Power Generation instead. The Crown corporation is publicly owned, but it doesn’t get interest rates as good as the provincial government itself, so that’s where the $4-billion premium comes in.

Her team looked at emails from the upper reaches of several government ministries, though the Ministry of Energy kept some back, Lysyk’s report says.

“Hopefully they’ll come to the conclusion that it can be financed by the province … rather than externally, as that would be a lot simpler and cheaper,” she quotes one unnamed senior official in an email. Nope. OPG is borrowing the money on our behalf and then there’s a complicated interplay of regulatory and financial manoeuvres to book money we’re expecting hydro users to pay for electricity in the 2020s, ‘30s and ‘40s as assets that balance off the debt. The essence of the scheme is to say Ontarians are borrowing these billions of dollars as hydro ratepayers, not as voting citizens.

Same people, different hats, different rules.

All of which is bull, Lysyk says.

The point of accounting is to tell you how much money you have, how much you owe and how much you are owed. That’s what the standards for Canadian public-sector accounting are supposed to achieve.

“These standards are there to ensure that the financial reporting of government policy decisions reflects common sense: borrowings are debt, unearned revenue is not an asset today and when your expenses exceed your revenues, you incur a deficit,” Lysyk said Tuesday. Nobody has used electricity in 2025 yet, let alone 2040. You can’t count guesstimates of use and prices 20 years down the line as an asset today.

The usefulness of doing so was visible when Energy Minister Glenn Thibeault and Treasury Board president Liz Sandals responded to Lysyk’s report. They think the $4-billion estimate for the extra cost of hiding the debt is too high. They argue the gap between the government’s interest rate and Ontario Power Generation’s might not be as big as the financial accountability office thinks.

They could be right - we won't know for sure till the 2040s. So it's a bit weird to account for it as if it's a fait accompli.

The government even went shopping for different accounting standards it might use, Lysyk's report says, trying out rules used for private businesses in the United States because they seemed friendlier to what the Liberals wanted to do. Consulting firm Deloitte told the government this was OK, a position it repeated at the government's request on Tuesday after Lysyk released her report.

Maybe reasonable accountants can disagree about this.

But the ground they're fighting over is whether the trick the Liberals used to keep the debt off the government books at a cost of billions of dollars is an acceptable trick, not whether they're keeping the debt off the government books or whether it's going to cost billions of dollars.

Which is just what you want from your government, right?

Auditor general blasts Kathleen Wynne's 'Fair Hydro Plan'

CBC.CA News
Tue Oct 17 2017, 2:16pm ET
Section: Toronto

The Wynne government created a "needlessly complex" scheme to pay for its hydro rate cuts without showing the costs on its own bottom line, Ontario's auditor general said in a critical report released Tuesday.

Auditor General Bonnie Lysyk investigated the financing of what the Ontario Liberals call the "Fair Hydro Plan." The plan has reduced the average household electricity bill in the province by 25 per cent from the peak in the summer of 2016.

Lysyk said the government is "improperly" accounting for the $26 billion in debt the province is taking on to cut hydro bills in the short term.

The $26 billion is being borrowed through Ontario Power Generation, so will not appear on the province's books. Electricity customers will pay off that debt through rate increases spread out over the next 30 years.

The government chose that financing scheme "to keep deficits and an increase in net debt from showing up on the Province's books," Lysyk said in the report, tabled Tuesday morning in the Legislature.

"The government created a needlessly complex accounting / financing structure for the electricity rate reduction in order to avoid showing a deficit or an increase in net debt," writes Lysyk .

The auditor says the plan could also result in Ontarians paying "up to $4 billion more than necessary" in interest. That's because OPG will be required to pay higher interest rates than the province would if the government took on the debt directly.

Lysyk told a news conference that the government is "wrong" in how it's accounting for the borrowing.

"Anywhere else in Canada, you won't see this done," she said. "The government's proposal is to treat that loss as an asset.

"That's like you treating your credit card debt as an asset in your books. Does that sound right to you?"

Rate cut won't last: Lysyk

The hydro rate cuts will not last, Lysyk found. "From 2028 on, ratepayers will be charged more than the actual cost of the electricity being produced in order to pay back the borrowings," she said in the report.

"The improper accounting also inappropriately transfers long-term accountability for significantly higher electricity bills to future governments," writes Lysyk. "Future governments will have to explain to ratepayers why electricity rates charged in 2028 and beyond exceed the actual cost of electricity."

The Wynne government is already trying to dismiss all of the auditor's findings.

“The government of Ontario does not agree with the assertions and conclusions expressed in the report,” said an official response issued together with the auditor’s report.

The Liberals are portraying the controversy as an “accounting dispute” with the auditor and describing their method of financing the debt as the normal course of business.

“There were no fast ones being pulled at all,” said Energy Minister Glenn Thibeault at a news conference Tuesday. “We always said it’s going to take longer to pay off and it’s going to cost more.”

“We’re not inventing something new,” said Treasury Board president Liz Sandals.

The opposition parties are seizing on the auditor’s report.

PC critic calls move ‘deceitful, dishonest’

The Fair Hydro Plan “was simply a ploy to hide the actual cost of this borrowing scheme … and at the same time, tell people in Ontario that they had balanced the budget,” PC energy critic Todd Smith told reporters at Queen’s Park.

“It is deceitful, it’s dishonest and it’s shady,” said Smith.

“We’ve got an Enron-style accounting system that’s being set up by the Liberals to hide the debt they’re taking on so that the books will look good in the next election,” said NDP energy critic Peter Tabuns.

Ontario’s financial accountability officer has already described the scheme as a “complicated accounting structure” that will increase gross debt by approximately $26 billion by 2027-28, but not show any impact on the government’s books.

Grits broke every rule in the book; But even auditor's devastating criticism may not be enough to defeat them

Toronto Sun
Wed Oct 18 2017
Page: A5
Section: News
Byline: Lorrie Goldstein

Normally, Auditor General Bonnie Lysyk's complete evisceration of how Premier Kathleen Wynne plans to pay for her "Fair Hydro Plan" would be an election game changer.

That is, the final nail in the coffin of the Wynne government's financial credibility, leading to its defeat at the polls in June.

Lysyk's findings, released Tuesday, are devastating for the Liberals.

She concluded "senior government officials" knowingly ignored the government's "own policy for preparing financial statements" to create "an unnecessary, complex financing structure" designed to keep "the true financial impact of most of its 25% electricity-rate reduction off the province's books … by understating future annual deficits and net debt."

This, Lysyk said, "could cost Ontarians up to $4 billion more than necessary in interest costs over 30 years" and is not only "wrong" but if the government goes ahead, "would make the province's budgets and future consolidated financial statements unreliable" under "independently set Canadian Public Sector Accounting Standards."

Lysyk said the scheme undermines government claims of achieving a balanced budget.

She recommends that it "report the true financial impact of its electricity rate reduction plan in the province's budgets and consolidated financial statements, and use the least costly financing structure to fund the electricity-rate reduction."

That, Lysyk said, means having the government borrow the money needed to finance the Fair Hydro Plan, instead of having other entities, such as Ontario Power Generation, borrow the cash at higher interest rates, in order to keep the 30-year, $39.4-billion cost of the scheme off the government's books.

Lysyk's findings call to mind former federal auditor general Sheila Fraser's devastating 2004 report that found federal officials in Jean Chretien's government "broke just about every rule in the book" in awarding contracts during the Liberal sponsorship scandal.

The political fallout from that saw Paul Martin's Liberals reduced to a minority government in '04, before losing to the Harper Conservatives in '06, after 13 years in power.

Except for one difference.

That is that the Wynne Liberals, and before them the Dalton McGuinty Liberals, have survived scandals - e-Health, Ornge, cancelled gas plants, green energy - that should have ended their 14-year political dynasty years ago.

We already know from previous elections that no matter how many scandals the Liberals cause, Ontario's powerful publicsector unions will support them at election time, while attacking whomever the Conservative leader happens to be.

We know a huge number of Ontario voters, particularly in Toronto, will stick with the Liberals no matter what.

We know many support Wynne's Fair Hydro Plan, even though it's a phony fix to the skyrocketing hydro rates the Liberals caused, in part, through their disastrous green energy policies.

Combine that with the fact Wynne is a smart, tough campaigner, while Progressive Conservative Leader Patrick Brown faces an internal revolt by social conservatives who feel he has betrayed them, and it all adds up to one thing: The Wynne Liberals, incredibly, are still competitive heading into June's election.

Be afraid, Ontario. Be very afraid.

Lysyk slams Liberals' hydro accounting; True financial impact of cuts to power bills being

obscured

Waterloo Region Record

Wed Oct 18 2017

Page: A5

Section: NEWS

Byline: Allison Jones

The way the Ontario Liberal government is cutting electricity bills by 25 per cent purposely obscures the true financial impact to avoid showing a deficit on the province's books, the auditor general said Tuesday.

Bonnie Lysyk estimated in a special report that the plan's total cost will be $39.4 billion over 30 years, but the accounting the government is using means Ontario's net debt and future deficits won't reflect that.

"It is clear to us that the government's intention in creating the accounting/financing design to handle the costs of the electricity rate reduction was to avoid affecting its fiscal plan," Lysyk wrote in her report.

The Liberals presented a balanced budget in the spring, a year ahead of the provincial election, and have promised to keep the books in balance through the next couple of years.

"The emails we examined made clear that the instruction to … officials by government was that there should be no impact on the fiscal plan from its policy decision," Lysyk said. "In other words, they had to come up with something that would not derail the government's promise to present balanced budgets for 2017-18 and the next few years."

The government doesn't agree with Lysyk's conclusions, saying their financing structure wasn't intended to avoid a deficit.

The hydro plan came after bills in the province roughly doubled in the last decade, and widespread anger helped send Premier Kathleen Wynne's approval ratings to record lows.

It lowers time-of-use rates by removing from bills a portion of the global adjustment - a charge consumers pay for above-market rates to power producers - for the next 10 years.

In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference through a new entity called OPG Trust. That financing structure will cost an extra $4 billion, both the auditor and the financial accountability officer have concluded, as the OPG Trust will have to borrow at a higher rate than the province itself would have.

“In other words, to obscure the financial impact of the rate cuts on both the province’s budgets and financial statements, the government plans to pay more than it has to,” Lysyk said.

The cost of paying back the debt with interest will then go back onto ratepayers’ bills for the following 20 years.

Lysyk estimated the cost will be $18.4 billion borrowed to cover the shortfall, and $21 billion in accumulated interest. The Liberals originally estimated the interest costs would be $25 billion, but have now revised that to $18.5 billion.

The end result of the “needlessly complex” financing structure is that the province’s bottom line won’t be affected, Lysyk said.

“Under the government’s proposed accounting, you will not see that annual loss on any financial statements in Ontario,” she said.

“The government’s proposal is to treat that loss as an asset. That’s like you treating your credit card debt as an asset in your books. Does that sound right to you?”

Treasury Board President Liz Sandals said credit rating agencies are ranking the hydro debt in preparation for selling it.

“That’s the difference,” she said. “Somebody actually wants to buy it, ergo it is an asset.”

But Lysyk said it goes against Canadian public sector accounting standards, which say the interest expense and debt should be on the province’s books.

The government said the financing is indeed in compliance with accounting standards. It decided the cost of cutting hydro bills should be borne by ratepayers and not taxpayers, which would have been the case if the province took on the debt rather than OPG Trust.

“The Fair Hydro Plan also keeps the cost of borrowing within the rate base, not the tax base, because that's the logical thing to do," Energy Minister Glenn Thibeault said. "Electricity financing should remain within the electricity system."

Third-party experts from KPMG, EY and Deloitte were consulted on the financing structure, Thibeault said.

This is the second accounting dispute between Lysyk and the Liberal government. She has said public sector pension surpluses should not be treated as a government asset, but the government disagreed and commissioned an expert panel that sided with it.

Customers could pay steep price for Ontario's hydro plan, auditor warns

Globalnews.ca
2017-10-17
Byline: Brian Hill Associate Producer

Ontario's Auditor General, Bonnie Lysyk, is warning Ontarians to brace themselves for increasing hydro rates as a result of Premier Kathleen Wynne's Fair Hydro Plan.

According to a special report released Tuesday, the price of the Liberal's "needlessly complex" solution to rising energy costs in Ontario could be as much as $39.4 billion – more than twice the government's estimate.

"The substance of the issue is straightforward," said Lysyk in the report. "Ratepayers' hydro bills will be lower than the cost of the electricity used … However, power generators will still be owed the full cost of the electricity they supply."

According to the report, the government will have to borrow $18.4 billion to cover the discounts promised to electricity customers over the next decade. The government will then need to pay out an additional $21 billion in interest over the next 30 years for borrowing this money.

The report also said the structure of the plan – which Lysyk claims violates the government's own accounting rules – creates the need to pay $4 billion in additional interest charges.

According to Lysyk, this is because OPG Trust – the provincially owned company created to manage the hydro plan – will pay a higher interest rate than if the government had simply borrowed the money itself.

“It’s going to cost us more in the long run in order to save in the short-term,” said Brady Yauch, an economist and the executive director of the Consumer Policy Institute. “It’s not even a band-aid solution because band-aid solutions help something heal, and this is just going to make things worse.”

The government says Lysyk’s assertions are inaccurate and do not reflect the most up-to-date information. It also disagrees with the findings of the report and says all Ontarians will benefit from short-term relief from rising electricity costs.

“While total borrowing costs will not be known until the program is complete, accumulated interest is projected to be considerably less than the estimates in the report,” said the government response to Lysyk’s report. “Current government estimates forecast the peak debt over the thirty-year life of the [Fair Hydro Plan] will be $20 billion.”

This is roughly half of what Lysyk has predicted. She says while Ontarians will benefit from lower electricity costs over the next decade, bills will quickly skyrocket once it’s time to pay back all that borrowed money.

Meanwhile, Yauch says he has opposed the plan from the beginning because it does nothing to reduce the cost of electricity in Ontario. (This is true. The plan only subsidizes electricity rates without actually addressing any of the factors that led to increased costs in energy production.)

He also says the era of second, sober thought with respect to energy policy in the province is gone, and that this plan has essentially ended independent oversight of the province’s electricity sector.

“People will get what they have been clamouring for, but in the long run, you’re not actually lowering costs,” he said.

Instead of subsidizing electricity with borrowed money, Yauch says the government should start looking at the possibility of cancelling some of the long-term energy contracts it has with electricity producers.

If that fails, he says the government should just admit the errors it’s made and tell Ontarians.

“Look, we made a mistake and you have to pay for it,” said Yauch.

Opposition reacts

Ontario’s opposition parties were quick to respond to the auditor’s report, focussing on the $4 billion in extra interest charges Lysyk says will be needlessly incurred.

“The Auditor General in the report is scathing,” said PC Leader Patrick Brown. “The government is making up their own rules for accounting … This is well beyond the size of the gas plant scandal. This is an astonishing number — $4 billion Ontario families are going to have to struggle to pay.”

The NDP, meanwhile, accuses the Liberals of misleading Ontarians in the lead up to an election.

“After the [June 2018] election, bills are going to shoot up like a rocket because they’re just spending this extra money to make the bills look good now,” said Peter Tabuns, the NDP energy critic. “They don’t care what happens after the election.”

Glenn Thibeault, Ontario’s energy minister, denies all of these accusations. He says the government has been honest about its plan from the beginning and never once mislead anyone.

“We’ve always said that we were using this like we were remortgaging a house,” said Thibeault. “We always said it’s going to take longer to pay off and it’s going to cost more.”

Yauch, meanwhile, says it’s time for the government to own up to its mistake and start making some tough decisions.

“There’s no other way around it,” he said. “All this does is say ‘Well, for the next 10 years your bill is going to be lower than it was previously, but don’t worry, for the next 20 years it will be higher than we thought. That’s not a very promising proposition if you ask me.”

Patrick Brown, Ontario PC Leader Issues Statement on the “Unfair” Hydro Plan

SaultOnline.com
2017-10-17
Statement from Patrick Brown, Ontario PC Leader, on the Auditor General’s report on the “Unfair” Hydro Plan

“Today, the Auditor General released a damning report on the Wynne Liberals’ ‘Unfair’ hydro scheme.

“As a result of their shady accounting methods, and cooking the books for politically-motivated reasons, Ontarians are on the hook for $4 billion more than necessary.
“This ‘Unfair’ Hydro Plan was a re-election ploy. After years of energy mismanagement, this plan

was too little, too late. We have seen hydro rates skyrocket to the highest across Canada, and if the Wynne Liberals are re-elected rates will only continue to soar.

“This report comes on the heels of a secret leaked Wynne Liberal cabinet document that showed hydro rates will rise to the highest levels we’ve ever seen, and the Financial Accountability Officer’s report which shows future generations could be on the hook for up to $93 billion.

“This hydro scheme is a sham drafted to benefit the Wynne Liberals, not the people of Ontario. It proves yet again that the Liberals are only in it for themselves.
“Everything the Liberals have touched in the electricity sector has made life harder and more unaffordable, including:

Overpaying $9.2 billion for green energy contracts which were awarded to energy companies who donated $1.3 million in donations to the Ontario Liberal Party.

Creating a secret millionaires club at Hydro One, including paying the CEO $4.5 million

Hiding the egregious cost of global adjustment on hydro bills

Shelling out $7 billion to purchase an American coal-burning utility , instead of cutting hydro rates

Wasting nearly a billion of surplus electricity last year alone.

Using $5.5 million of taxpayer funds to run political self-congratulatory ads promoting the hydro plan, instead of cutting hydro rates

“Premier Kathleen Wynne is untrustworthy – especially when it comes to your hydro bills. Life is already harder under the Wynne Liberals – Ontario families are paying more, and getting less. Cynical Wynne Liberal re-election schemes are only going to make it worse.”

Ontario government obscuring true financial impact of cuts to hydro bills: AG; Ontario obscures true cost of hydro cuts: AG

Canadian Press

Tue Oct 17 2017

Section: Ontario

Byline: Allison Jones

TORONTO - The way the Ontario Liberal government is cutting hydro bills by 25 per cent purposely obscures the true financial impact of the measure to avoid showing a deficit on the province's books, the auditor general said Tuesday.

Bonnie Lysyk estimated in a special report that the plan's total cost will be $39.4 billion over 30 years, but the accounting the government is using means Ontario's net debt - currently at about $312 billion - and future deficits won't reflect that.

"It is clear to us that the government's intention in creating the accounting/financing design to handle the costs of the electricity rate reduction was to avoid affecting its fiscal plan," Lysyk wrote in her report.

The Liberals presented a balanced budget in the spring, a year ahead of the provincial election, and have promised to keep the books in balance through the next couple of years.

The hydro plan lowers time-of-use rates by removing from bills a portion of the global adjustment - a charge consumers pay for above-market rates to power producers - for the next 10 years.

In the meantime, producers will continue being paid the same, so Ontario Power Generation has been tapped to oversee the debt used to pay that difference through a new entity called OPG Trust.

The end result of the "needlessly complex" financing structure is that the province's bottom line won't be affected, Lysyk said.

The cost of paying back that debt with interest will then go back onto ratepayers' bills for the following 20 years, and Lysyk estimated the cost will be $18.4 billion borrowed to cover the shortfall, and $21 billion in accumulated interest.

Ontario's financial watchdog has said the plan means hydro customers will be paying a net $21 billion over the next three decades to get short-term savings.

Both the auditor and the financial accountability officer have concluded the structure leads to about $4 billion in extra interest charges because the OPG Trust will have to borrow at a higher rate than the province itself would have.

The government doesn't agree with Lysyk's conclusions, saying their financing structure is indeed in compliance with accounting standards and wasn't intended to avoid a deficit.

It ensures that the costs are borne by ratepayers, who will benefit from the plan, and not the tax base, the government wrote in a response to the report.

Electricity bills in the province have roughly doubled in the last decade, due in part to green energy initiatives, and Premiere Kathleen Wynne promised to cut hydro bills in the province after widespread anger over rising costs helped send her approval ratings to record lows.

She has said this plan better spreads out the costs of investments in the energy system, instead of putting the entire burden on current ratepayers.

The Liberals have said after the initial cut to bills this year, rate increases will be held to inflation for the next four years. After that, the FAO has projected the average bill will rise about 6.8 per cent a year until 2028, and after that bills will be about four per cent higher than they would have been without the Liberal plan.

Bruce Power comments on federal response to the Standing Committee on Natural Resources' report

Kincardine News
2017-10-17
Bruce Power said it's pleased with Canada's federal response to the Standing Committee on Natural Resources' report on the nuclear sector.

The response follows a report tabled by the committee in June calling on the Government of Canada to reaffirm its long-standing support for Canadian nuclear energy and research, particularly in regulatory and safety practices, research and innovation, leadership in nuclear power generation, and the development and commercialization of next-generation nuclear technologies.

The government, in its response, agreed with all seven recommendations proposed by the committee, and committed to providing greater stewardship to support a strong and safe nuclear sector.

In its response, the government applauded the nuclear sector as a significant contributor to the economy, providing over 30,000 direct jobs and adding $6 billion annually to the national Gross Domestic Product. In Ontario alone, Bruce Power supports 22,000 direct and indirect jobs annually, while creating $4 billion in annual Ontario economic benefit through the direct and indirect spending on operational equipment, supplies, materials and labour income.

The government agreed with the committee that nuclear energy is an important part of Canada's clean energy mix, and will continue to play a key role in achieving Canada's low-carbon future. The response points to the significance of the long-term commitment to Bruce Power's Life-Extension Program, which will allow nuclear energy to remain a primary source of clean and reliable energy in Canada through 2064.

Electricity from Bruce Power continues to be one of the lowest-cost sources of energy, providing 30 per cent of Ontario's electricity at 30 per cent less than the average cost to produce residential power.

In its analysis, the response outlines a number of opportunities to advance nuclear energy, support innovation, research and development, and enhance partnerships with various levels of government to promote Canadian leadership in the nuclear sector. In particular, advancements in the field of medical isotope applications is recognized by the response as the Government commits to increasing the security of Canada's medical isotope production in the short-, medium- and long term. Bruce Power's role in the production Cobalt-60 will continue to play a crucial role in shaping and leveraging the potential for future medical applications of nuclear technology.

Dispute Over County Road Access to Wind Turbines

Blackburnnews.com
2017-10-18
Byline: BOB MONTGOMERY

The Mayor of Central Huron and the former President of the Huron-Perth Landowners Association have differing interpretations of a letter from Huron County's solicitor.

Dave Hemingway had asked Central Huron to get a legal opinion on the county's agreement to provide access on county roads to wind turbines to whoever assumed the company's operation should Goshen Wind default on a loan.

Hemingway insisted the agreement amounted to the county putting up security for the project.

Mayor Jim Ginn says his interpretation from solicitor Greg Stewart's letter was that should Goshen Wind default, whoever took over the operation would have the same access to the county roads as Goshen has in the operation of their business. Ginn maintains there is no attempt on the part of the county to obtain financing for the wind energy companies.

Hemingway says the county is providing security to the Mitsou Bank on behalf of the wind turbine company and has asked the municipality to get a second legal opinion.

Ginn says he's satisfied with the opinion he has. "The letter stated that the rights to use the roads by the wind turbine companies could be transferred to another party should the windmill company default on their loans, go bankrupt, whatever. There's no financing or trying get financing for the wind turbine companies at all."