

QP Newsletter: QP Briefing and Queens Park Today

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Good Morning,

Please find attached the March 3, 2017 issues of QP Briefing and Queens Park Today.

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QP Briefing

Headlines

- o (P.2) Premier **Kathleen Wynne** and Ontario's Liberal government [have delivered their hydro-plan-to-end-all-plans](#) . Or at least they hope so. The Liberals are proposing to slash

electricity bills by an average of 25 per cent in a few different ways, [some of which require a bit of imagination](#) .

- o (P.3) The mayor of North Bay is bristling over rumours of Ontario Power Generation transferring jobs out of his town, [the Nugget reports](#) .

· **Here's a quick roundup of the reaction to the new hydro plan:**

- o Horse trainer Libby Keenan [approves](#)
- o The Premier [declared](#) her chosen method of hydro bill reductions will cost "a bit more"
- o Mike Crawley [hears](#) from a "senior Liberal official" who hopes the 17 per cent in new bill reductions will now focus voter attention on the other stuff the government is doing
- o David Reevely [uses](#) the phrase "bag of turds"
- o Adam Radwanski [wonders](#) if the Premier's plan will just make things worse
- o Kevin Libin [says the plan is](#) "nothing more than a sleazy sleight of hand...In other words, it's brilliant."
- o Lorrie Goldstein's [still unhappy](#) about the province's green energy turn
- o The *Toronto Star* [applauds](#) the Premier for taking action
- o The *Toronto Sun* [calls](#) the plan "short term gain for long term pain"

Queens Park Today

Ontario's Fair Hydro Fund

- (P.3) The Ministry of Energy released the details of its [plan to slash electricity bills](#) an average of 17 per cent this year—this is in addition to the eight per cent HST rebate that was rolled out on January 1—for a total average of 25 per cent.

The Global Adjustment, which accounts for the cost of building energy infrastructure, will be refinanced over the next 30 years to “smooth out” the high front-end cost ratepayers

see on their bills. OPG will establish an entity that manages the Global Adjustment, reducing it by about \$2.5 billion per year over the first ten years. This will cost ratepayers up to \$14 billion in interest payments over the next decade and up to \$25 million over 30 years.

- **(P.3)** Wynne said the government signed on for too short of an amortization period when it signed 20-year contracts for energy infrastructure: “We’re refinancing the mortgage and we’re setting a new term that stretches over a longer period.” She said this “structural change” will be long-lasting, sustained and will make up for decades of mistakes on the energy file.
- **(P.3)** Global Adjustment refinancing will take effect May 1 and be reflected on June electricity bills. Electricity rates will be linked to inflation for the next four years, but there is no forecast for how much rates will increase after 2021. A spokesperson for the Ministry of Energy said consumers who use more energy will see a higher percentage discount on their bills, up to 28 per cent for urban residents with large homes. Farmers and rural homeowners could see discounts over and above 50 per cent.
- **(P.3)** In addition to refinancing the Global Adjustment, the province will spend \$2.5 billion on new social programs targeted at low-income Ontarians over the next three years. Wynne said it was a mistake to force ratepayers to pay for electricity affordability initiatives, so the cost of these new social programs will be shifted from ratepayers to the tax base (adding about \$833 million to the provincial budget each year).
- **(P.3)** These measures include broadening the Rural or Remote Rate Protection Program, enhancing the OESP and launching a new Affordability Fund. This fund will help

Ontarians who do not qualify as “low income” to undertake energy efficiency

improvements on their homes. For manufacturers, the province is again expanding the eligibility threshold for the Industrial Conservation Initiative.

Ontario Progressive Conservative Party

- **(P.4)** PC leader **Patrick Brown** called the Liberal’s “Fair Hydro Fund” an 11th hour shell game that will cost taxpayers \$14 billion. Brown said Premier Wynne admitted to making years of mistakes on hydro but is doing nothing to stop green energy contracts that are the root of the problem.
- **(P.4)** Brown called the move a “Band-Aid on a bullet wound” and said a detailed PC plan will be announced soon.

Green Party of Ontario

- **(P.4)** Green Party of Ontario leader **Mike Schreiner** said “silly season” has started at Queen’s Park: “Magic math and accounting tricks won’t fix Ontario’s electricity system ... Say whatever it takes to get votes. So I want to know - who’s going to come out with a 100 per cent hydro rate reduction?”
- **(P.4)** Schreiner called on the government to target rate rebates to people with low incomes and invest in conservation and energy efficiency.

Utilities

- **(P.4)** Hydro One CEO **Mayo Schmidt** said Hydro One customers will see their bills drop by an average of 31 per cent as early as the summer. He lauded the government for reducing

the Global Adjustment charge by 20 per cent; reducing the delivery charge for low-density customers; and accelerating the move to more fixed delivery charges.

- **(P.4)** Schmidt thanked the government for consulting with Hydro One and accepting its advice.

The Electricity Distributors Association also welcomed the plan. EDA chair **Todd Wilcox** said he is glad the province listened to the EDA's proposal to move the burden of paying for the OESP and the RRRP program off of electricity bills onto the tax base.

Business community

- **(P.5)** The Canadian Federation of Independent Businesses called the Liberal plan "short-term relief for longer term cost." CFIB vice president **Plamen Petkov** said we should not lose sight of longer-term implications of the costs of this plan, especially if interest rates rise.
- **(P.5)** Canadian Taxpayers Federation Ontario director **Christine Van Geyn** said the problem with remortgaging the Global Adjustment is that the equipment it pays for has a natural lifespan. Van Geyn said Ontario will be paying for expensive refurbishments to keep contracts alive or will be paying for equipment that has stopped working: "It's nothing like a mortgage, because you can keep living in your house once you've paid it off."

PC questions

Hydro rates

- **(P.5)** PC leader **Patrick Brown** said the premier used the word "mistake" at least six times in her speech about energy policies — and she has now signed onto \$42 billion in interest payments alone to pay for these mistakes.
- **(P.5)** Brown said the government is proceeding with signing more green energy contracts on Friday, March 3. Brown asked, if the FIT program was such a mistake, will Wynne

still go through with signing the new contracts on Friday?

o Premier Wynne said her government is bringing in these changes because people need relief right now.

o She did not respond to questions about new contracts.

NDP questions

Hydro prices

- **(P.5)** NDP deputy leader **Jagmeet Singh** said the government has a bad track record of saying one thing before an election and then doing another once they are reelected—citing the promised 15 per cent drop in auto insurance rates that never materialized.

- **(P.5)** On hydro rates, Singh accused the premier of “kicking the can down the road” and doubling down on bad plan and extending it for a longer period of time.

The deputy leader said, “The people who will be the happiest with this plan are the Premier’s small group of well-connected friends.”

- **(P.5)** He called the announcement a desperate attempt from an unpopular government to cling to power.

Premier Wynne said when Ontarians open their hydro bills this summer they will see a 25 per cent reduction, which she believes will make a difference for families.