

REVISED: Ministry of Energy Top Issues - December 12, 2017

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- Power has been restored in Scarborough to 1,400 customers, Toronto Hydro says -- CBC News
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PCs, NDP want OPP to look into expenses

Toronto Star

Tue Dec 12 2017

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Section: News

Byline: Robert Benzie

The opposition parties at Queen's Park are hoping the Ontario Provincial Police can get to the bottom of how nine power companies bilked ratepayers out of more than \$260 million.

As first disclosed by the Star, Progressive Conservative MPP Todd Smith has written to OPP commissioner Vince Hawkes about the "egregious" abuses outlined in last week's auditor general's report.

"Really, there's no other grounds for us than to call in the Ontario Provincial Police to investigate this," Smith said Monday.

Smith said the PCs had no recourse other than to ask the OPP to investigate.

"We don't know yet (that they will launch a probe). We hope that they will because it doesn't seem like the government is taking it seriously," he told reporters.

NDP Leader Andrea Horwath said she was hopeful that police could find some answers for the public.

"Look, people see these private companies gaming the rules to try to reap more dollars off of the ratepayers of this province. (It's) absolutely a terrible thing," Horwath said.

"And if the government's not prepared to address it, then I have no problem whatsoever with having the OPP look into it."

Auditor general Bonnie Lysyk blamed the province's Independent Electricity System Operator (IESO) for lax oversight of electricity companies that fobbed off dubious expenses on ratepayers.

Goreway's name was disclosed in an Ontario Energy Board probe, but privacy rules prevent the IESO and the auditor general from naming the other companies in question.

Energy Minister Glenn Thibeault said "abuses within the system are completely unacceptable."

PCs ask OPP to probe expenses

Toronto Sun

Tue Dec 12 2017

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Section: News

The Progressive Conservatives have asked the Ontario Provincial Police to investigate millions in ineligible expenses - including scuba gear and raccoon traps - filed by nine power generators in the province.

Auditor General Bonnie Lysyk reported last week that the generators claimed up to \$260 million in ineligible costs between 2006 and 2015, under a program designed to pay power generators for fuel, maintenance and operating costs when the system operator puts them on standby to supply energy.

The Independent Electricity System Operator says it's closer to \$200 million, and that \$168 million has been repaid.

Progressive Conservative Todd Smith has now written to the OPP to ask them to investigate, saying the abuses were so egregious that a second look by law enforcement is prudent.

"I have serious concerns about what appeared to be a broad and systemic abuse of the energy system and ultimately, the hard-earned money of ratepayers," Smith wrote to Commissioner Vince Hawkes.

The OPP received the letter Monday morning, but a spokeswoman said it was too early to say what they will do.

Smith noted that his party previously asked a legislative committee to study the IESO's accounting and record retention practices as well as contract management, following an earlier auditor general report on the accounting surrounding the Liberal government's plan to cut hydro bills by 25%.

That request was denied by the Liberal-dominated committee.

"We thought about all of the different ways that we could try and provide some transparency here, but in spite of all of our efforts and trying to get the justice committee to look into it and being stonewalled by the Liberals at committee, this was really the only other alternative we had," Smith said.

Energy Minister Glenn Thibeault said both he and the IESO take the matter seriously, which is why the IESO investigated, recouped \$168 million of inappropriate costs and is changing the system.

“What we’re talking about here is an older program that has been adjusted to make sure that this won’t happen again,” he said.

Both the Tories and the NDP have also called on the IESO to release the names of the nine power generators. The IESO has said that rules around commercial sensitivity prevent it from publishing those names.

One of the nine generators is Goreway Power Station in Brampton, Ont., which has repaid nearly all of the \$100 million it was found to have “gamed” the system out of, but the names of most of the generators have not been made public.

Ontario Conservatives ask OPP to investigate bills from electricity generators

Windsor Star

Tue Dec 12 2017

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Section: City + Region

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“I have serious concerns about what appeared to be a broad and systemic abuse of the energy system and ultimately, the hardearned money of ratepayers,” Smith wrote to commissioner Vince Hawkes.

The OPP did not respond to a question about whether or not they will look into it.

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"What we're talking about here is an older program that has been adjusted to make sure that this won't happen again and we are bringing forward market renewal, which is rebuilding the foundation to allow more flexibility and opportunities for people to be able to have a clearer understanding of what are eligible expenses," he said.

Both the Tories and the NDP have also called on the IESO to release the names of the nine power generators. The IESO has said that rules around commercial sensitivity prevent it from publishing those names, though an executive said they could change those rules.

One of the nine generators is Goreway Power Station in Brampton, which has repaid nearly all of the \$100 million it was found to have "gamed" the system out of, but the names of the other eight generators have not been made public.

Generators claimed thousands of dollars a year for staff car washes, carpet cleaning, road repairs, landscaping, scuba gear and raccoon traps, "which have nothing to do with running power equipment on standby," Lysyk wrote in her annual report last week. One generator claimed about \$175,000 for coveralls and parkas over two years, she said.

The Ontario Energy Board found in 2014 that the standby program was relied on less than one per cent of the time to meet domestic demand.

Ontario Power Generation a réclamé des remboursements inappropriés

Radio Canada

Le producteur d'électricité Ontario Power Generation (OPG) est l'une des neuf entités qui ont réclamé des remboursements inappropriés, comme le relevait la vérificatrice générale de l'Ontario la semaine dernière.

Bonnie Lysyk a conclu que les abonnés ontariens ont payé environ 30 millions de dollars annuellement durant des années pour l'achat de salopettes, de manteaux, d'équipement de plongée et de pièges à rats laveurs, ainsi que pour des travaux d'aménagement paysager, entre autres.

La vérificatrice générale Bonnie Lysyk a déposé son dernier rapport avant la prochaine élection générale en Ontario. Photo : Queen's Park

«[...] des choses qui n'ont rien à voir avec le fonctionnement d'équipement de production d'électricité en mode veille.»

—Bonnie Lysyk, vérificatrice générale

Au total, de 2006 à 2015, les neuf exploitants de centrales au gaz ou au charbon ont demandé des remboursements inadmissibles de l'ordre de 260 millions de dollars.

On ignore précisément quelles dépenses inappropriées ont été réclamées par Ontario Power Generation, qui assure qu'elle croyait agir en tout respect des règles lorsqu'elle a fait ses réclamations.

OPG dit avoir remboursé la Société indépendante d'exploitation du réseau d'électricité en 2015.

Province Touts Industrial Conservation Initiative

Source: MCTV

Dec 11, 2017 6:09 PM

Anchor: The Wynne government continues to trumpet its hydro cost savings plan for companies across the province. During a visit to Timmins today, representatives of the Energy Ministry were pushing the Industrial Conservation Initiative but as CTV tells us, the company where they met with reporters seemed an odd choice.

Reporter: Operations at the Eacom's Timmins mill hum along 24 hours a day, seven days a week. This corner of the lumber industry runs on hydro. A great place for the provincial government to announce a new incentive designed to cut energy costs.

MP Nathalie Des Rosier: In a sense we are trying to reduce their electricity bill by making sure that they do not demand electricity at peak times. It is good for the corporations because they are saving money on their bill and it is good for the system overall.

Reporter: The government says companies could reduce their rates by up to one third. And in a region plagued by loss of industry due to hydro rates, any break is good news.

Steve Black, Timmins mayor :It is definitely something that no matter which industry we are meeting with or chamber or business, energy is often one of those policies that comes up.

Reporter: Norant Resources, the company looking to bring the Ring of Fire into production, has stated that if something is not done about hydro rates, it will be shopping out of province for smelter sites. But even existing businesses, like Econ, say they cannot make use of the new program, saying that rejigging production to suit peak hours is not an option.

Christine LeDuc, Eacom Timber: We are full throttle production, 24/7. We have a night shift and a dayshift and we shut down the sawmills for maintenance and at all times we need energy for that. Certainly for us, as with the many other manufacturing companies in northern Ontario, we are competing in the global marketplace and it is very important to be competitive.

Reporter: She went on to say that Eacom is talks with the government to come to an agreement on high energy prices. Now, it should be pointed out that six companies in the Timmins area subscribe to this program. As to why the government opted to host the announcement at Eacom wasn't discussed.

Energy conservation initiative expands | Six companies have used the program

Timmins Today
2017-12-11

Byline: Maija Hoggett

The Parliamentary Assistant to the Minister of Energy was in Timmins highlighting the benefits of an expanded Industrial Conservation Initiative.

The program that encourages businesses to reduce their electricity consumption during peak hours is part of Ontario's Fair Hydro Plan.

"In 2016, the program is estimated to have reduced peak electricity demand by about 1,300 megawatts, that's the peak electricity demand for Timmins 20 times over," said Nathalie Des Rosiers, who is also the Ottawa-Vanier MPP.

At the initial roll out of the initiative, large electricity users were targeted. The expanded program launched earlier this year is aimed at consumers with an average monthly peak demand that is greater than one megawatt, as well as manufacturing and greenhouse sector users with a monthly peak demand greater than 500 kilowatts and less than one megawatt.

Since the program launched in 2016, six companies in Timmins have participated.

The initiative doesn't lower the cost of electricity for participants.

Des Rosiers explained that if consumers don't use electricity at peak time, the province doesn't have to build a system to respond to it.

"Instead of being prime users at peak times where it costs a lot to the system, they shift slightly with the help of the...local distribution company to know when to operate better," she explained.

Des Rosiers was at Eacom to talk about the initiative.

While the company works with the government to ensure a strong manufacturing sector, they haven't shifted their work for the Industrial Conservation Initiative.

"We haven't changed our operations for this program because for us the opportunity cost is that production that you're missing, so we're full-throttle consistently," said Christine Leduc, Eacom public affairs director. "We're looking to push out as much volume as possible to be as productive as possible."

Decision Day: Councillors to vote on possible Guelph Hydro merger Wednesday

On Wednesday, Guelph councillors are faced with a tough decision: keep the city-owned Guelph Hydro just the way it is, or go forward with a merger with one of North America's largest municipally-owned utilities.

The prospective merger with Alectra, which has a reach stretching from St. Catharines to Hamilton to Mississauga to Barrie, has been a process months in the making.

Earlier this year, council gave the go-ahead to a committee to explore the options for Guelph Hydro's future - sell, merge or status quo. The five-member strategies and options committee (SOC) was the one that put Alectra's name on the board.

"In terms of the value that they'll bring to this community, they're very advanced in terms of innovation, green energy types of project; the types of things our customers are going to want to look at more seriously in the years to come," Jane Armstrong, chair of Guelph Hydro's board, tells the Mercury Tribune.

"They're the kinds of things, on a very small scale, we're looking at, but we don't have the balance sheet or the strength to be able to do that on our own."

Derrick Thomson, the city's chief administrative officer and the SOC's chair, adds that with Alectra's size comes a larger bank account, and with that comes a larger chance to invest in Guelph's hydro.

"They certainly have a track record and the balance sheet to be able to fund that type of investment," he says.

"From a growth standpoint, Alectra has the ability because of the growth they're going to experience in the different municipalities to help build a really strong utility."

Thomson adds that, following public consultations, three things were identified as being the most important for Guelph Hydro's customers when it came to finding a merger partner: rates, jobs and money coming back into the community. And with Alectra, Thomson says, all of those boxes are checked.

Paying the bills

According to a report being presented to councillors at Wednesday's meeting is that a merger would save people some money on their hydro bills over the next decade, with scheduled distribution rate increases in 2021 and 2026 being skipped.

Armstrong says this is because the Ontario Energy Board, should it approve the merger, allows newly merged utilities to sit out these types of rate bumps for up to a decade.

"After that, then the rates are rebased from that point," she says.

"There is an agreement that rates wouldn't be rebased until such time that if there's any difference between rates in one municipality or another, they won't be harmonized until such the differences are immaterial."

Thomson adds that if the merger did not go ahead, Guelph Hydro customers could expect to see distribution rate increases of about five to 10 per cent each time.

However, Alectra currently charges more for numerous services than Guelph Hydro, or charges for services that Guelph Hydro does not. For example, Alectra charges \$30 plus Measurement Canada fees for a meter dispute charge, while Guelph Hydro charges \$10 plus fees. As well, Guelph Hydro charges \$50 for a disconnect or reconnect at the pole for non-payment during business hours. The same service through Alectra costs \$185.

Alectra also charges for account history statements, income tax letters and easement letters, among other services, at \$15 each. There are no fees listed by Guelph Hydro for these services.

In an email to the Mercury Tribune, Stacey Hare, an online communications specialist for the city, says that Guelph and Rockwood ratepayers could be saved from having to pay these fees post-merger.

"The Ontario Energy Board has allowed communities involved in the previous Alectra merger to continue operating as separate rate zones, and we expect the same would be true for Guelph," she states.

"For example, if Guelph Hydro either doesn't charge for certain services or charges less than Alectra, then Guelph's rates would continue to apply to Guelph and Rockwood customers."

Collecting paycheques

With a merger with Alectra, the number of hydro workers in the city is expected to go down.

According to the staff report recommending the merger, 70 of the 130 people currently employed by Guelph Hydro would stay on board in the city. Of the remaining 60, half would be asked to relocate within Alectra's network, while the others "are expected to be addressed through attrition, voluntary retirement or voluntary separation whenever possible."

Thomson points out that these job reductions are not going to happen right away.

"If council makes the decision (to go ahead with the merger) on the 13th, it doesn't mean on the 14th that people are losing their jobs," he says.

"People, understandably, don't understand that point. This is going to be a two-to-three-year process, and lots of things happen in two-to-three years. "

The report states that relocations would start in 2019, after the Ontario Energy Board gives a thumbs up to the merger. The majority of relocations would come between 2020 and 2022.

Thomson adds that, with Alectra expected to grow its market share, new positions could become available due to that growth.

Armstrong says it has not been discussed at this time whether employees already with Alectra would be brought to Guelph as part of the merger.

Future of a new utility

While Alectra is a large company - the second largest municipally-owned utility company in North America, in fact, standing behind only the Los Angeles Department of Water and Power - Thomson says residents should not fear of a large corporation with only profits in mind taking over.

"It's 97-per-cent owned and held by municipalities, just like Guelph. Just like our council, they have councils. They clearly ... didn't want to be privatized either, and they formed what is really a municipal co-operative," he says.

"The likelihood of it ever being privatized is slim, both from the shareholder agreement and the municipal ownership and the tax disincentives to go private."

Alectra was created following the merger of Mississauga's Enersource; Markham, Barrie and Vaughan's PowerStream; and Hamilton and St. Catharines' Horizon. That merger was done in order to purchase Hydro One Brampton from the Ontario government, which brought the province more than \$600 million in revenue.

Some were taken by surprise when news of a possible merger with Alectra first broke in October. Since then, there have been numerous social media posts calling for a public vote on whether to go ahead with the merger.

Thomson says that based on what would likely be low voter turnout and the role councillors currently play, that would not be the best route to go.

“The last municipal election we had, only 45 per cent of the entire electorate voted. Typically a referendum would not work for this type of an issue,” he says.

“The constituents elect members of council to make these types of decisions for them. We’ve hired professional accounting people, professional legal people that have provided fair and reasonable reports. So we’ve provided councillors with all of the right information for them to be able to make a decision.”

Guelph councillors are expected to vote on whether to proceed with a merger at a special meeting of council Dec. 13. The meeting, which features more than 30 people offering public delegations as of press time, gets underway at 6:30 p.m. at city hall.

NDP to Introduce Bill to Ban Hydro Prepaid Meters

Net Newsledger

2017-12-11

QUEEN’S PARK — Ontario NDP Leader Andrea Horwath is introducing a new law to ban pre-pay hydrometers, protecting people from having the electricity cut off if they don’t feed the meter.

“When it comes to hydro bills, Kathleen Wynne has brought us one disappointment after another, from the sell-off of Hydro One to her \$40-billion borrowing scheme that will send hydro bills soaring after the election,” said Horwath. “Now, the privatized Hydro One has applied for the power to install pre-pay hydrometers on people’s homes and small businesses.

“That means that families, seniors, and businesses will have to keep the meter fed, or lose their power automatically.”

That plan was quietly inserted into Hydro One’s distribution rate application for 2018 to 2022. It would give the company power to replace smart meters with pre-pay meters. The Liberal government has been defending that move, despite the experience of other countries like the United Kingdom, which banned pre-pay water meters 20 years ago.

“This is what privatization looks like,” said Horwath. “Seniors living on small pensions resorting to candles and blankets when they can’t afford more credits. Parents telling their kids they can’t afford to keep the lights on. It has to be stopped.”

Horwath is concerned that the new meters would skirt the ban on winter-time disconnections since they cut off electricity automatically if the meter isn’t fed by buying credits at a corner shop or online.

“Kathleen Wynne and Hydro One’s solution for high hydro bills is to make folks pay up-front to ensure the company comes out on top. My solution is to lower hydro bills so families can actually afford them.”

The NDP’s *Protecting Hydro Consumers Act*, prohibiting distributors from installing pre-pay meters anywhere in Ontario, is in addition to Horwath’s plan to cut hydro bills down by about 30 percent for all homes and businesses, ending mandatory time of use pricing and bringing Hydro One back into public hands.

The NDP stated that “Patrick Brown and the Conservatives are offering no change for hydro. According to Brown’s platform, the Conservatives will keep Kathleen Wynne’s privatization, and her \$40 billion dollar borrowing scheme, and send hydro costs soaring after the election. On Nov. 30, Brown’s Conservatives voted with the Wynne government to block an NDP motion to start bringing Hydro One back into public ownership”

Horwath tables bill to protect families from pre-pay hydro meters

Wawa-news.com

2017-12-11

Ontario NDP Leader Andrea Horwath is introducing a new law to ban pre-pay hydro meters, protecting people from having the electricity cut off if they don’t feed the meter.

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NDP To Introduce Bill To Stop Pre-Paid Meters

Source: CBC

Dec 11, 2017 6:31 PM

Anchor: Ontario NDP leader Andrea Horwath announced a new plan today.

NDP Leader Andrea Horwath: I’m tabling legislation to ban the use of prepaid hydro metres in people's homes.

Anchor: Hydro One has submitted an application that would give the company power to replace smart metres with prepaid metres. If approved, customers would have to feed the meter with credits in order to keep the lights on. The NDP plans to introduce the Protecting Hydro Consumer Act, which would stop distributors from installing pre-paid

meters anywhere in the province.

Ontario's deficit is growing — and the Fair Hydro Plan is largely to blame | A new report from the Financial Accountability Office says that the province will add \$75 billion to its debt over the next four years

TVO

2017-12-11

Byline: Sarah Reid

ntario will have a \$4 billion deficit in 2017-18 and its fiscal position will continue to deteriorate over the next four years, largely due to the government's Fair Hydro Plan, according to [a new report](#) published Monday by the Financial Accountability Office of Ontario.

“It’s pretty clear that we think that they are overly optimistic in their revenue projections,” said David West, the FAO’s chief economist, at a press conference at Queen’s Park.

The Ontario government projected balanced budgets 2017-18 through to 2019-20 in [its fall economic statement](#) .

By 2021-22, the FAO expects the deficit to reach \$9.8 billion, because the province will no longer be able to rely on one-time revenues (such as the sale of Hydro One assets and federal transfers for infrastructure), and it will see more moderate tax revenue growth. But the biggest piece of the puzzle is the Fair Hydro Plan, which is intended to reduce electricity bills by an average of 25 per cent.

The FAO adopted accounting recommendations from the auditor general for net pension assets and the Fair Hydro Plan, which explains the vast difference between its numbers and the government’s. (The auditor general [said last year](#) that the government could not include \$10.7 billion in pension assets as government assets, because the government did not have ready access to those funds, even though they have been counted as government assets since 2001.)

Because the government has not adopted the auditor general’s accounting recommendations, it “has reduced the transparency and reliability of Ontario’s fiscal plan,” [the FAO report says](#) .

“I think as this debate goes forward, I think the credit rating agencies may revisit their ratings [for Ontario],” West said.

The Progressive Conservatives were eager to jump on the FAO’s report. “It’s distressing to hear another story like this that shows that the Liberals aren’t being honest with the people of Ontario about the province’s fiscal realities,” said Todd Smith, the PC energy critic, in a scrum after Question Period.

(Even though the Tories are criticizing the Liberals for their accounting, Smith says his party will continue to present its plans based on government projections, so that they are providing an “apples-to-apples comparison.”)

Here are a few highlights from the report.

The Fair Hydro Plan will increase deficits in the short term

In the spring, the government announced its Fair Hydro Plan, a subsidy that was not included in government accounting, because funding for the rate cut is being borrowed through Ontario Power Generation.

Ontario’s auditor general says the debt should be captured as an expense – advice the government so far has not heeded. The AG said at the time of her report’s release that the move will cost taxpayers an extra \$4 billion in interest on the debt over the course of the program.

Over the next four years, the FAO expects that the Fair Hydro Plan will increase program spending by an average of \$2.8 billion per year.

Debt will exceed government projections

Ontario is already the most indebted subnational government in the world . Even so, the FAO expects that the province will add \$75 billion to its debt over the next four years, taking its total debt to about \$400 billion.

Increased borrowing and rising interest rates mean it will cost the province more to pay off what we owe; interest on the debt is expected to rise to 8.3 cents of every dollar of government revenue by 2021, compared to 7.9 cents today.

The current net debt-to-GDP ratio — or debt relative to the size of the economy — is almost 40 per cent in Ontario. The government has committed to lowering this to 35 per cent by 2023-24 and to 27 per cent by 2029-30.

But the FAO is doubtful that will happen. This report only looks four years out, but already the FAO expects debt-to-GDP will rise slowly in that timeframe and hit 41.4 per cent by 2021-22.

(The FAO's long-term outlook, released earlier this fall, expected Ontario's debt-to-GDP levels to reach 63 per cent by 2050 .)

Economic growth is expected to be strong this year, but moderate next

In the FAO's spring outlook, it projected that Ontario's economy would grow by 2.4 per cent in 2017. Now their projection is 2.9 per cent. One FAO official attributed this robust growth to what he called "surprising strength" in household consumption, as well as growth in residential construction and investment.

Despite the strong growth expected this year, for the next four years the FAO expects growth to be lower, between 2 and 2.3 per cent per year.

In its response to the FAO's report today, the government ignored the accounting disparities and the larger deficit and debt projections, choosing instead to focus on growth in the Ontario economy.

"I want to thank the FAO for his report, Mr. Speaker," Premier Kathleen Wynne said during Question Period. "The report actually shows that our plan is working: the economy is growing, our unemployment rate is the lowest it has been in 17 years, and more than 843,000 net new jobs have been created since the recession."

Wind energy is supposed to fight climate change. But climate change is fighting back

thespec.com

Mon Dec 11 2017

Section: News

Climate change is affecting wind energy's potential to provide power, diminishing a renewable energy source that scientists and policy-makers are counting on to replace fossil fuels, according to two scientific studies.

The world is turning more and more to renewable sources of energy - wind, solar power, and in some cases energy from flowing water - to fight climate change. But what if

climate change itself alters the distribution of wind, or sunlight falling on the Earth's surface, or river flows, and so changes or even shrinks the potential of these energy sources?

The studies suggest that, at least for wind energy, that is not only happening - at least in some key locations - but that it could grow worse.

"Renewables, including wind, are an important part of many nations' and even states' overall strategies for reducing greenhouse emissions," said Kristopher Karnauskas, a researcher at the University of Colorado, and first author of one of the studies. "So it's important that we fully understand how the potential efficacy of that mitigation strategy may be changing concurrently with the problem itself. We can't assume that the baseline wind energy resource is a constant."

Why would wind energy potential change because of climate change? At the most fundamental level, winds are driven by the unequal distribution of the sun's energy across the surface of the Earth, which in turn creates regions of different atmospheric pressure. Wind then flows from regions of high pressure to regions of low pressure. Those installing wind turbines try to place them in spots where that flow tends to be particularly strong.

But climate change is also distributing energy unevenly across the planet. In particular, land surfaces are warming up more rapidly than are ocean surfaces, even as the Arctic is warming up much more rapidly than the northern hemisphere's middle latitudes.

It's not surprising that the distribution of winds around the Earth would change under global warming. Indeed, in the Southern Hemisphere, some researchers believe that changing winds are responsible for the growing melting of Antarctic glaciers, as they are driving warmer, deeper waters closer to the icy continent.

So how could changing wind patterns affect the deployment and effectiveness of wind energy?

The first of the two studies, recently published in Nature Scientific Reports, gives a first glimpse at an answer. It finds that the nation that has installed more wind energy than any other on Earth - China - is actually seeing a lowering of wind energy potential across vast regions, especially Inner Mongolia and Gansu, two of the largest installation areas.

"To my great surprise instead of finding a random signal, we found that it was actually

declining ,” said Michael McElroy, a Harvard Earth sciences professor who is one of the authors of the study. He conducted the research with Peter Sherman, the first author, and Xinyu Chen of Harvard.

The researchers found, based on a large database of meteorological records, that there already has been a wind energy decline in key regions of China from 1979 through 2015. And they found that this had happened in concert with an overall warming trend, although natural climate fluctuations also played a role.

The change occurred, McElroy said, because the Asian continent has been warming up faster than the Pacific Ocean offshore.

“The circulation of the atmosphere over East Asia is what’s called a monsoonal circulation, driven by the temperature contrast between the land and the sea,” he said. “In winter, that temperature contrast is trending down.”

China, the world’s largest emitter of carbon dioxide by a considerable margin, has already installed well more than 100 gigawatts of wind energy, considerably more than any other nation. So the new research plainly shows how climate change can render itself harder to fight.

“This is a very important result because it highlights the many negative impacts of climate change,” Dan Kammen, an energy policy expert at the University of California at Berkeley, said of the China study, with which he was familiar but not involved.

These changes in China already seem to be happening. But the second study, published Monday in *Nature Geoscience* and apparently the first comprehensive look at wind energy resources under climate change, projects forward to the future using 10 climate change models. And it finds more of the same across the mid-latitudes of the Northern Hemisphere - a key area for wind energy installation from the United States to Europe to China - even as under some scenarios, the models show a growth of wind resources in the tropics and the Southern Hemisphere.

“What we found is that global warming will reduce the wind energy resource across much of the Northern Hemisphere, especially in the central U.S.,” said Karinauskas, who conducted the work with university colleagues Julie Lundquist and Lei Zhang.

Based on high and low scenarios for the volume of greenhouse gas emissions, Karinauskas’s study found declines on the order of 10 per cent to 40 per cent of potential

wind energy in the Northern Hemisphere middle latitudes by 2100. For the central United States, it showed declines by 8 per cent or 10 per cent by 2050, depending on whether the world follows a lower or higher greenhouse gas emissions scenario.

Meanwhile, wind energy potential in Southern Hemisphere regions such as East Brazil, West Africa and East Australia increased significantly in the models, but only under high emissions scenarios. That's a trade-off, but hardly a simple one: The majority of current wind installations are in the Northern Hemisphere, as is the majority of global population and thus, naturally, global energy demand.

The changes in wind energy potential found in Karnauskas's study had a different cause than in McElroy's - at least for the Northern Hemisphere. This was the reduction in the temperature difference between the Arctic and the mid-latitudes, as the Arctic warms up at a considerably faster rate. This changing temperature gradient is already being blamed by some climate scientists for altering mid-latitude weather.

It's important to emphasize that in no case are we talking about a vanishing of the wind resource - rather, it's a fractional decline. Turbines will still draw energy from the winds, but the overall potential could be less.

"The reduction over that 40 year period is roughly 10 per cent," said McElroy, referring to what has already occurred in China. "That's a big deal, but it's not a game changer."

Furthermore, these studies looked at wind energy installations on land surfaces - not coastal offshore installations, which are growing in number, or true deepwater installations, which are only beginning at the moment. These could present a different story.

Nonetheless, the new research underscores that, if we are going to rely on the natural processes of the Earth to counter the ways in which we're changing the Earth, we should be ready for the occasional curveball.

"I don't think that it says, let's not employ wind energy as part of the solution to climate change," said Karnauskas. "It's always been cast as one piece of the pie that makes up a strategy to reduce emissions. But it also means that it is precariously sensitive to the climate state itself."

Ontario in red?; Liberals on track for \$4B deficit in 2017-18: Watchdog

Toronto Sun

Tue Dec 12 2017

Page: A4

Section: News

Byline: Shawn Jeffords

Ontario 's fiscal watchdog says the Liberal government will run a deficit this fiscal year, despite claims it has balanced the budget.

In a new report Monday, the Financial Accountability Office said the Liberals will run a \$4 billion deficit in 2017-18, and will continue to be in the red over the next few years.

More moderate growth in revenues and the increasing fiscal impact of the province's Fair Hydro Plan, which cuts electricity rates by 25%, will take their toll on Ontario's books the report notes.

It also says a long-simmering accounting dispute between the Liberal government and Auditor General Bonnie Lysyk over how to count two public sector pension plans on the ledger is contributing to uncertainty.

"We've been very consistent that because of a number of factors we think the deficit will re-emerge," said FAO chief economist David West. "Now, with this accounting debate it will become more significant."

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 FAO, however, projects the government's budget deficit will grow to \$9.8 billion in 2021-22.

"The government is out borrowing this money," West said. "This current year they're going to borrow \$23 billion in the markets. That's going to rise to \$45 billion in the coming years."

The FAO also said the government's new hydro plan will add \$3.2 billion to the budget deficit by 2021-2022.

Last year Lysyk questioned the province's decision to include a pair of public pensions - the Ontario Public Service Employee's Union Pension Plan and the Ontario Teacher's Pension Plan - as assets on its balance sheet.

The FAO said that since the government has not adopted the auditor's recommended accounting for both the pension assets, and with the addition of the Fair Hydro Plan, it is becoming more difficult for legislators to assess the government's fiscal projections.

Ontario parties lack plan to fix deficit threat; Financial Accountability Office says further delay will prove costly

Ottawa Citizen

Tue Dec 12 2017

Page: A1 / Front

Section: City

Byline: David Reevely

Ontario is facing years of worsening deficits because none of the major parties has a plan to make the province's spending line up with its income, says the government's Financial Accountability Office.

"To the extent the government delays making those adjustments today, the adjustments will become more difficult in the future, and you're shifting it to future generations and to young people," said David West, the office's chief economist, releasing the agency's latest economic and fiscal outlook Monday morning.

The Liberals under Premier Kathleen Wynne have put a lot of their political capital into a promise to balance the provincial budget this year, and they've done it, but it won't last, according to the watchdog's numbers.

The Liberals are selling assets, getting a big bubble of federal infrastructure money, selling carbon-market permits and booking the last year of revenues from a debt-

retirement charge for the hydro system they're pledging to scrap.

The province's strengthening economy will mean equalization payments that shrink after this year. The government is scrapping the debt-retirement charge on hydro bills.

How bad will it be? That's a slippery question, with a government plumbing Trumpian depths of relative truthiness in its public accounts.

We're up to three different versions of the provincial government's books, depending on how you count surpluses in a couple of public pension funds and money the government is borrowing to lower electricity prices temporarily. Without getting into the weeds on these disputes, the Liberals want to run the numbers in a way that makes them look good and they're not obviously wrong, but all the government's independent officers with anything to say about it - the auditor general, the financial accountability officer - say what they're doing is not OK.

Next year, using accounting rules on the politician-friendly "easy" setting, we'll run a deficit of \$1.9 billion. In 2022, the deficit will be \$3.7 billion, the FAO says.

If we run the numbers the hard way, the deficit by 2022 is \$9.8 billion. There's no magic solution to this. The government can raise taxes and fees or it can cut spending.

"Raising tax rates could impact economic growth, while program restraint would place greater stress on (limited budgets)," West said.

This is happening in pretty good times: the Liberals in power are projecting a strong economy over the next few years and West and the FAO don't disagree. Their projections might have a tenth of a percentage point difference here or there, but basically they're all expecting Ontarians to be well employed and the economy to grow.

Finance Minister Charles Sousa liked that part.

"We would like to thank the FAO for his report," he said. "The FAO confirms that Ontario's economy is growing and he expects this growth to continue."

But, the minister went on, we must keep expanding the government: "(W)e know that even though our economy is growing, not everyone is benefiting from this growth. That's why we're creating fairness and opportunity by raising the minimum wage, making university and college tuition free and making prescription drugs free for young people."

Mind you, nobody ever, ever says that three years from now we'll be in a recession that'll rip through the government's books like a wildfire. Those always arrive unexpectedly, as far as the forecasters are concerned, which makes the assumption that we'll overspend even in good times even more worrying. This is when you pay off debt, not take on more.

More broadly, Ontario can't go on indefinitely with a government that's at war with the legislature's designated experts over billions of dollars in assets and debts the government might have, or not.

The Progressive Conservatives, nominally the party of fiscal rectitude, are actually a little deeper in this muck than even the Liberals are. They brandish the auditor general and budget watchdog reports and accuse the Liberals of cooking the books, and yet they're using the Liberals' numbers as the foundation for their own fiscal plan. Because, duh, the Liberals' numbers are easier to work with when you're promising voters an activist, spendy government.

The last time a new party took power in Ontario, when the Liberals defeated the Tories in 2003, we had a similar situation: the Ernie Eves government was running a deficit and didn't want to admit it, though everyone knew the books weren't as cheery as the Tories said. The Liberals said so, and also used the Tory numbers to build their own plan. Then they got into office and proclaimed their horror at the \$5.6-billion deficit lurking on the desk. They raised taxes, after Dalton McGuinty signed a great big, banner-sized pledge not to.

Under any but the most optimistic projections, whoever wins June's election is in for a similar reality check. What they're going to do about it should be a central campaign question.

Liberals on track for \$4B deficit in 2017-2018: FAO; Liberals will run \$4B deficit in 2017-18: FAO

Canadian Press

Mon Dec 11 2017

Section: Ontario

Byline: Shawn Jeffords

TORONTO - Ontario's financial watchdog says the Liberal government will run a deficit this fiscal year, siding with the auditor general in a dispute over accounting practices the province has used to declare its books balanced.

In a report released Monday that examines Ontario's Fall Economic Statement, the Financial Accountability Office said the Liberals will run a \$4 billion deficit in 2017-2018 and will continue to be in the red over the next few years.

More moderate growth in revenues and the increasing fiscal impact of the province's Fair Hydro Plan, which borrows billions to cut electricity rates by 25 per cent, will take their toll on Ontario's books, the report notes.

It also says a long-simmering accounting dispute between the Liberal government and Auditor General Bonnie Lysyk over how to count two public sector pension plans on the ledger is contributing to uncertainty.

"It's pretty clear that we think they are overly optimistic in their revenue projections," FAO chief economist David West said of the government's figures.

The Liberals presented a balanced budget in the spring a year ahead of the provincial election. Finance Minister Charles Sousa said last month that Ontario is on track to balance its budget over the next two years.

The FAO projects the government's budget deficit will grow to \$9.8 billion in 2021-2022. The government's new hydro plan will make up \$3.2 billion of the deficit that fiscal year, the FAO said.

"We've been very consistent that because of a number of factors we think the deficit will re-emerge," West said. "Now, with this accounting debate it will become more significant."

The FAO report projects that Ontario's net debt will increase by more than \$75 billion over the next four years to approximately \$400 billion.

"The government is out borrowing this money," West said. "This current year they're going to borrow \$23 billion in the markets. That's going to rise to \$45 billion in the coming years."

Last year, Lysyk questioned the province's decision to include a pair of public pensions - the Ontario Public Service Employee's Union Pension Plan and the Ontario Teacher's

Pension Plan - as assets on its balance sheet.

The auditor also took issue with what she described as the government obscuring the true financial impact of its hydro plan to avoid showing a deficit on the province's books. She estimated in October that the plan will cost taxpayers \$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.

The FAO said in its report that since the government has not adopted the auditor's recommended accounting for both the pension assets and the Fair Hydro Plan it is becoming more difficult for legislators and the public to assess the government's fiscal projections.

Premier Kathleen Wynne said Monday that the FAO report confirms Ontario's economy is growing and she expects that will continue.

"(The FAO) also confirmed that under the accounting presentation that we've been using for the last 16 years, the budget is balanced, and in fact, there's a small surplus for 2017-18," Wynne said.

PC finance critic Vic Fedeli called the FAO report a "blistering indictment" of the government's fiscal policies.

"The Financial Accountability Office said that government must either raise revenues or lower spending," Fedeli said. "Will we know before or after the election which taxes they intend to raise?"

NDP Leader Andrea Horwath said the FAO report shows that the Liberal's hydro plan will have a significant impact on the province's debt.

"The most important lesson from the FAO is him showing that the Liberal borrowing scheme that they put forward is not in the best interests of the people of Ontario," she said. "I think it's really clear that the FAO has identified a big problem here."

Update on Ontario's biomass generating stations

Dec. 11, 2017 - The Wood Pellet Association of Canada (WPAC) held its annual conference in Ottawa in September 2017. Only a few months before, Prime Minister Justin Trudeau had announced the Pan-Canadian Framework on Clean Growth and Climate Change, the new national plan to meet Canada's emissions reduction targets, grow the economy, and build resilience to a changing climate.

WPAC wanted to make sure that government understood how wood pellets could be used to generate power and heat while helping Canada fight climate change and meet the country's 2030 emissions reduction targets.

WPAC organized a two-day post-conference tour to Ontario Power Generation's Atikokan and Thunder Bay biomass generating stations, its Kakabeka hydro-electric generating station, and

to Confederation College's Biomass Energy Facility. The group of 15 tour participants included scientists, engineers, consultants, and commercial executives from Canada, Austria, Germany, Norway, the Netherlands, Sweden, and the United States. Darcey Bailey, OPG's production manager west, was the group's tour guide. Not only is Bailey a professional engineer and the person responsible for overseeing the operation of the two biomass power plants as well as several hydro-electric generating stations, he was directly involved in the planning, engineering, and construction of the biomass conversions of Atikokan and Thunder Bay, and he exudes enthusiasm at all times. The group was extremely fortunate to have him as a guide.

A few of the topics we discussed during our visit included: (1) why the two biomass conversions took place, (2) why the two plants continue to operate, and (3) what their future might hold.

The genesis of the Atikokan and Thunder Bay coal-to-biomass conversion projects was in 2001, when Ontario had five coal-fired generating stations providing 25 per cent of the province's electricity. That year, Ontario announced that it would close the Lakeview Generating station, which it accomplished in 2005. In 2003, the province announced its intention to close its remaining coal-fired generating stations. Atikokan closed in 2012, followed by Lambton and Nanticoke in 2013 and Thunder Bay in 2014. By the time the

final plant had closed, Ontario had reduced its GHG emissions from electricity generation by more than 80 per cent. In 2005, the province issued 53 smog advisories; now there is no longer a need for smog advisories.

The conversion of the 205-megawatt Atikokan Generating Station to white wood pellets was completed in 2014 at a cost of \$170 million. The original plant was built in 1985 at a cost of \$800 million. Thunder Bay Generating Station converted one of its two 153-megawatt units to advanced wood pellets for \$5 million in 2015. Both plants are used as peaking plants to help with local load balancing, with Atikokan operating about 10 per cent of the time and Thunder Bay operating about two per cent of the time.

Northwest Ontario is a vast region dominated by forestry and mining, which in recent years has declined, substantially reducing electricity demand. Current average regional demand is about 700 MW with peak demand in the 1,100 to 1,200 MW range. The region has 687 MW of hydro-electric generating capacity and 358 MW of biomass generating capacity: 205 MW at Atikokan and 143 MW at Thunder Bay. Northwest Ontario has three grid interconnections with Minnesota, Manitoba, and via a 400-kilometre transmission line from Thunder Bay east to Wawa and the rest of the Ontario grid.

Despite recent declines in forestry and mining, there are approximately 25 new mines under development in northwest Ontario, many of which are expected to be in production by 2020. One area – the Ring of Fire – is a massive planned chromite mining and smelting development that is expected to be as significant in terms of economic activity as Alberta's oil sands.

Moreover, the province is under pressure to connect a large number of remote northern communities to the electrical grid. There are many remote communities in the northern part of the region that are not connected to the grid and produce their own power from expensive diesel generators. Ontario's Independent Electricity System Operator (IESO) has concluded that there will be significant new electricity demand in northwest Ontario. Consequently, the province is planning two new high capacity 230 KV double-circuit transmission lines: one to parallel the existing 115 KV line to Wawa, and a second line to run northwest from Thunder Bay to areas north of Dryden and eventually to the Ring of Fire.

Considering that northwest Ontario has three grid interconnections and is planning additional high capacity transmission lines into the region, it raises the question as to why the Atikokan and Thunder Bay biomass conversions were needed. There are many compelling reasons:

1. To extend the life of valuable existing assets. Many millions of dollars were invested in building the two generating stations and they had significant useful life remaining. The cost of converting the plants from coal to biomass was a fraction of their original construction cost.
2. To provide regional energy security. The regional hydro-electric generating stations have only enough capacity to cover average base-load demand, provided they are all operating at 100 per cent capacity without any downtime. It is risky to rely entirely on low-capacity long-distance grid connections for balancing.
3. To provide community economic support. With the recent decline of regional forestry and mining, the two generating stations provide important jobs and economic activity. In the case of Atikokan, the generating station provides about \$2 million of municipal tax revenue and is a vitally important employer.
4. To provide future regional base load electricity. Recent estimates have put the cost to build the 230 KV East-West Tie Line between Thunder Bay and Wawa at \$777 million. The transmission line to Dryden and Points North could cost another \$1 billion or more. These costs are to be shared by all OPG rate payers. Ontario rate payers have recently been expressing outrage at the rapidly rising cost of electricity and there may be too much political risk in proceeding with such expensive new projects.
5. To maintain diversity in Ontario's electricity mix. Ontario's electricity mix consists of nuclear, hydro, natural gas, wind, solar, and biomass powered electricity. The province is committed to maintaining a diverse renewable energy mix.

WPAC is an enthusiastic supporter of the biomass conversions of OPG's Atikokan and Thunder Bay power stations. Our members export millions of tonnes of wood pellets to power stations in Europe and Asia where they have had great success in using wood pellets as a replacement for coal to reduce GHG emissions. Despite this, most Canadian coal power producers remain unwilling to consider wood pellets. Ontario Power Generation is a refreshing exception and it is highly beneficial to be able to point to their two biomass generating facilities as local success stories.

On Sept. 15, 2017, immediately before WPAC's Ottawa conference, the Canadian Council of Forest Ministers announced a Forest Bioeconomy Framework for Canada. WPAC is optimistic that this will bring increased focus and attention on bioenergy and that other power utilities will follow OPG's lead by bringing more biomass power projects to other regions of Canada.

Power has been restored in Scarborough to 1,400 customers, Toronto Hydro says

CBC News

2017-12-11

Byline: Kirthana Sasitharan

Electricity has been restored to approximately 1,400 Scarborough residents who lost power due to a defective underground cable outside one of Toronto Hydro's stations, the utility says.

The power outage began at 4 p.m.

According to a tweet from Toronto Hydro, the original boundaries of the power outage were from Sheppard Avenue East south to Ellesmere Avenue and from Scarborough Golf Club Road east to Morningside Avenue.

Emergency crews were on site restoring power and had estimated that power would be back on by 2 a.m.

Toronto Hydro spokesperson Kaitlyn Woods said the repairs were more extensive than originally thought and says crews worked hard to restore power.

"We do understand it's pretty cold out."

Proposed Union Gas utility merger with Enbridge would create 'virtual monopoly,' says analyst

CBC.CA News

Mon Dec 11 2017, 4:49pm ET

Section: Windsor

Byline: CBC News

Energy analyst Dan McTeague is concerned a proposed merger of the Union Gas and Enbridge natural gas systems in Ontario would create a “virtual monopoly.”

While Enbridge and Union Gas parent company Spectra completed their corporate merger in February, their Ontario distribution utilities, which deliver natural gas to homes and businesses, remain separate.

In December, Union Gas customers received notification that an application has been filed with the Ontario Energy Board, which regulates natural gas utilities, to allow the two systems to operate as one.

The companies claim that the move will be good for consumers, saying the amalgamation will give clients “a total benefit of \$410 million over a ten-year period.”

In an interview with Afternoon Drive host Chris dela Torre, McTeague said that due to their corporate merger, the desire to combine Enbridge and Union Gas’ natural gas systems in Ontario is not surprising, but will fundamentally change the province’s natural gas supply.

“The structure of the market [will be] highly concentrated and in the hands of one particular player ? I don’t think such a thing would normally happen under other anti-trust jurisdictions, particularly the United States,” McTeague said.

New entrants would also find it much harder to purchase or build natural gas utilities in Ontario he said, adding that it may affect the access of wholesale suppliers as well.

Rates still controlled by OEB

?McTeague said that while natural gas rates would still be set by the Ontario Energy Board, having one company dominate the natural gas network could still affect prices down the road.

“How do you question the distribution rates if you have only one player that is serving as a gatekeeper for what comes into Ontario?” he said.

“There are plenty of ways which one can pass on the costs of doing business ... those prices can be in fact be rubber-stamped and passed on,” McTeague said.

From: Cvjeticanin, Dan (ENERGY)
Sent: December-12-17 7:00 AM
To: @ENERGY All
Subject: Ministry of Energy Top Issues - December 12, 2017

Good morning,

Here's what's making news:

- PCs, NDP want OPP to look into expenses -- Toronto Star, pg. A6**
- PCs ask OPP to probe expenses -- Toronto Sun, pg. A4**
- Ontario Conservatives ask OPP to investigate bills from electricity generators -- Windsor Star, pg. A6**
- Province Touts Industrial Conservation Initiative -- Source: MCTV**
- Energy conservation initiative expands | Six companies have used the program -- Timmins Today**
- Decision Day: Councillors to vote on possible Guelph Hydro merger Wednesday -- GuelphMercury.com**
- NDP to Introduce Bill to Ban Hydro Prepaid Meters -- Net Newsledger**

- Horwath tables bill to protect families from pre-pay hydro meters -- Wawa-news.com
- NDP To Introduce Bill To Stop Pre-Paid Meters -- Source: CBC
- Ontario's deficit is growing — and the Fair Hydro Plan is largely to blame | A new report from the Financial Accountability Office says that the province will add \$75 billion to its debt over the next four years – TVO
- Wind energy is supposed to fight climate change. But climate change is fighting back -- thespec.com
- Ontario in red?; Liberals on track for \$4B deficit in 2017-18: Watchdog -- Toronto Sun, pg. A4
- Ontario parties lack plan to fix deficit threat; Financial Accountability Office says further delay will prove costly -- Ottawa Citizen, pg. A1
- Liberals on track for \$4B deficit in 2017-2018: FAO; Liberals will run \$4B deficit in 2017-18: FAO -- Canadian Press
- Update on Ontario's biomass generating stations -- Canadian Biomass
- Power has been restored in Scarborough to 1,400 customers, Toronto Hydro says -- CBC News
- Proposed Union Gas utility merger with Enbridge would create 'virtual monopoly,' says analyst -- CBC.CA News

PCs, NDP want OPP to look into expenses

Toronto Star

Tue Dec 12 2017

Page: A6

Section: News

Byline: Robert Benzie

The opposition parties at Queen's Park are hoping the Ontario Provincial Police can get to the bottom of how nine power companies bilked ratepayers out of more than \$260 million.

As first disclosed by the Star, Progressive Conservative MPP Todd Smith has written to OPP commissioner Vince Hawkes about the "egregious" abuses outlined in last week's auditor general's report.

"Really, there's no other grounds for us than to call in the Ontario Provincial Police to investigate this," Smith said Monday.

Smith said the PCs had no recourse other than to ask the OPP to investigate.

“We don’t know yet (that they will launch a probe). We hope that they will because it doesn’t seem like the government is taking it seriously,” he told reporters.

NDP Leader Andrea Horwath said she was hopeful that police could find some answers for the public.

“Look, people see these private companies gaming the rules to try to reap more dollars off of the ratepayers of this province. (It’s) absolutely a terrible thing,” Horwath said.

“And if the government’s not prepared to address it, then I have no problem whatsoever with having the OPP look into it.”

Auditor general Bonnie Lysyk blamed the province’s Independent Electricity System Operator (IESO) for lax oversight of electricity companies that fobbed off dubious expenses on ratepayers.

Goreway’s name was disclosed in an Ontario Energy Board probe, but privacy rules prevent the IESO and the auditor general from naming the other companies in question.

Energy Minister Glenn Thibeault said “ abuses within the system are completely unacceptable.”

PCs ask OPP to probe expenses

Toronto Sun

Tue Dec 12 2017

Page: A4

Section: News

The Progressive Conservatives have asked the Ontario Provincial Police to investigate millions in ineligible expenses - including scuba gear and raccoon traps - filed by nine power generators in the province.

Auditor General Bonnie Lysyk reported last week that the generators claimed up to \$260 million in ineligible costs between 2006 and 2015, under a program designed to pay power generators for fuel, maintenance and operating costs when the system operator puts them on standby to supply energy.

The Independent Electricity System Operator says it's closer to \$200 million, and that \$168 million has been repaid.

Progressive Conservative Todd Smith has now written to the OPP to ask them to investigate, saying the abuses were so egregious that a second look by law enforcement is prudent.

"I have serious concerns about what appeared to be a broad and systemic abuse of the energy system and ultimately, the hard-earned money of ratepayers," Smith wrote to Commissioner Vince Hawkes.

The OPP received the letter Monday morning, but a spokeswoman said it was too early to say what they will do.

Smith noted that his party previously asked a legislative committee to study the IESO's accounting and record retention practices as well as contract management, following an earlier auditor general report on the accounting surrounding the Liberal government's plan to cut hydro bills by 25%.

That request was denied by the Liberal-dominated committee.

"We thought about all of the different ways that we could try and provide some transparency here, but in spite of all of our efforts and trying to get the justice committee to look into it and being stonewalled by the Liberals at committee, this was really the only other alternative we had," Smith said.

Energy Minister Glenn Thibeault said both he and the IESO take the matter seriously, which is why the IESO investigated, recouped \$168 million of inappropriate costs and is changing the system.

"What we're talking about here is an older program that has been adjusted to make sure that this won't happen again," he said.

Both the Tories and the NDP have also called on the IESO to release the names of the

nine power generators. The IESO has said that rules around commercial sensitivity prevent it from publishing those names.

One of the nine generators is Goreway Power Station in Brampton, Ont., which has repaid nearly all of the \$100 million it was found to have “gamed” the system out of, but the names of most of the generators have not been made public.

Ontario Conservatives ask OPP to investigate bills from electricity generators

Windsor Star

Tue Dec 12 2017

Page: A6

Section: City + Region

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The OPP did not respond to a question about whether or not they will look into it.

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accounting and record retention practices as well as contract management, following an earlier auditor general's report on the accounting surrounding the Liberal government's plan to cut hydro bills by 25 per cent. That request was denied by the Liberal-dominated committee.

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"What we're talking about here is an older program that has been adjusted to make sure that this won't happen again and we are bringing forward market renewal, which is rebuilding the foundation to allow more flexibility and opportunities for people to be able to have a clearer understanding of what are eligible expenses," he said.

Both the Tories and the NDP have also called on the IESO to release the names of the nine power generators. The IESO has said that rules around commercial sensitivity prevent it from publishing those names, though an executive said they could change those rules.

One of the nine generators is Goreway Power Station in Brampton, which has repaid nearly all of the \$100 million it was found to have "gamed" the system out of, but the names of the other eight generators have not been made public.

Generators claimed thousands of dollars a year for staff car washes, carpet cleaning, road repairs, landscaping, scuba gear and raccoon traps, "which have nothing to do with running power equipment on standby," Lysyk wrote in her annual report last week. One generator claimed about \$175,000 for coveralls and parkas over two years, she said.

The Ontario Energy Board found in 2014 that the standby program was relied on less than one per cent of the time to meet domestic demand.

Province Touts Industrial Conservation Initiative

Source: MCTV

Dec 11, 2017 6:09 PM

Anchor: The Wynne government continues to trumpet its hydro cost savings plan for companies across the province. During a visit to Timmins today, representatives of the Energy Ministry were pushing the Industrial Conservation Initiative but as CTV tells us, the company where they met with reporters seemed an odd choice.

Reporter: Operations at the Eacom's Timmins mill hum along 24 hours a day, seven days a week. This corner of the lumber industry runs on hydro. A great place for the provincial government to announce a new incentive designed to cut energy costs.

MP Nathalie Des Rosier: In a sense we are trying to reduce their electricity bill by making sure that they do not demand electricity at peak times. It is good for the corporations because they are saving money on their bill and it is good for the system overall.

Reporter: The government says companies could reduce their rates by up to one third. And in a region plagued by loss of industry due to hydro rates, any break is good news.

Steve Black, Timmins mayor :It is definitely something that no matter which industry we are meeting with or chamber or business, energy is often one of those policies that comes up.

Reporter: Norant Resources, the company looking to bring the Ring of Fire into production, has stated that if something is not done about hydro rates, it will be shopping out of province for smelter sites. But even existing businesses, like Econ, say they cannot make use of the new program, saying that rejigging production to suit peak hours is not an option.

Christine LeDuc, Eacom Timber: We are full throttle production, 24/7. We have a night shift and a dayshift and we shut down the sawmills for maintenance and at all times we need energy for that. Certainly for us, as with the many other manufacturing companies in northern Ontario, we are competing in the global marketplace and it is very important to be competitive.

Reporter: She went on to say that Eacom is talks with the government to come to an agreement on high energy prices. Now, it should be pointed out that six companies in the Timmins area subscribe to this program. As to why the government opted to host the announcement at Eacom wasn't discussed.

Energy conservation initiative expands | Six companies have used the program

Timmins Today

2017-12-11

Byline: Maija Hoggett

The Parliamentary Assistant to the Minister of Energy was in Timmins highlighting the benefits of an expanded Industrial Conservation Initiative.

The program that encourages businesses to reduce their electricity consumption during peak hours is part of Ontario's Fair Hydro Plan.

"In 2016, the program is estimated to have reduced peak electricity demand by about 1,300 megawatts, that's the peak electricity demand for Timmins 20 times over," said Nathalie Des Rosiers, who is also the Ottawa-Vanier MPP.

At the initial roll out of the initiative, large electricity users were targeted. The expanded program launched earlier this year is aimed at consumers with an average monthly peak demand that is greater than one megawatt, as well as manufacturing and greenhouse sector users with a monthly peak demand greater than 500 kilowatts and less than one megawatt.

Since the program launched in 2016, six companies in Timmins have participated.

The initiative doesn't lower the cost of electricity for participants.

Des Rosiers explained that if consumers don't use electricity at peak time, the province doesn't have to build a system to respond to it.

"Instead of being prime users at peak times where it costs a lot to the system, they shift slightly with the help of the...local distribution company to know when to operate better," she explained.

Des Rosiers was at Eacom to talk about the initiative.

While the company works with the government to ensure a strong manufacturing sector, they haven't shifted their work for the Industrial Conservation Initiative.

"We haven't changed our operations for this program because for us the opportunity cost is that production that you're missing, so we're full-throttle consistently," said Christine Leduc, Eacom public affairs director. "We're looking to push out as much volume as possible to be as productive as possible."

Decision Day: Councillors to vote on possible Guelph Hydro merger Wednesday

GuelphMercury.com

Mon Dec 11 2017

Section: News

On Wednesday, Guelph councillors are faced with a tough decision: keep the city-owned Guelph Hydro just the way it is, or go forward with a merger with one of North America's largest municipally-owned utilities.

The prospective merger with Alectra, which has a reach stretching from St. Catharines to Hamilton to Mississauga to Barrie, has been a process months in the making.

Earlier this year, council gave the go-ahead to a committee to explore the options for Guelph Hydro's future - sell, merge or status quo. The five-member strategies and options committee (SOC) was the one that put Alectra's name on the board.

"In terms of the value that they'll bring to this community, they're very advanced in terms of innovation, green energy types of project; the types of things our customers are going to want to look at more seriously in the years to come," Jane Armstrong, chair of Guelph Hydro's board, tells the Mercury Tribune.

"They're the kinds of things, on a very small scale, we're looking at, but we don't have the balance sheet or the strength to be able to do that on our own."

Derrick Thomson, the city's chief administrative officer and the SOC's chair, adds that with Alectra's size comes a larger bank account, and with that comes a larger chance to invest in Guelph's hydro.

"They certainly have a track record and the balance sheet to be able to fund that type of investment," he says.

"From a growth standpoint, Alectra has the ability because of the growth they're going to experience in the different municipalities to help build a really strong utility."

Thomson adds that, following public consultations, three things were identified as being the most important for Guelph Hydro's customers when it came to finding a merger

partner: rates, jobs and money coming back into the community. And with Alectra, Thomson says, all of those boxes are checked.

Paying the bills

According to a report being presented to councillors at Wednesday's meeting is that a merger would save people some money on their hydro bills over the next decade, with scheduled distribution rate increases in 2021 and 2026 being skipped.

Armstrong says this is because the Ontario Energy Board, should it approve the merger, allows newly merged utilities to sit out these types of rate bumps for up to a decade.

"After that, then the rates are rebased from that point," she says.

"There is an agreement that rates wouldn't be rebased until such time that if there's any difference between rates in one municipality or another, they won't be harmonized until such the differences are immaterial."

Thomson adds that if the merger did not go ahead, Guelph Hydro customers could expect to see distribution rate increases of about five to 10 per cent each time.

However, Alectra currently charges more for numerous services than Guelph Hydro, or charges for services that Guelph Hydro does not. For example, Alectra charges \$30 plus Measurement Canada fees for a meter dispute charge, while Guelph Hydro charges \$10 plus fees. As well, Guelph Hydro charges \$50 for a disconnect or reconnect at the pole for non-payment during business hours. The same service through Alectra costs \$185.

Alectra also charges for account history statements, income tax letters and easement letters, among other services, at \$15 each. There are no fees listed by Guelph Hydro for these services.

In an email to the Mercury Tribune, Stacey Hare, an online communications specialist for the city, says that Guelph and Rockwood ratepayers could be saved from having to pay these fees post-merger.

"The Ontario Energy Board has allowed communities involved in the previous Alectra merger to continue operating as separate rate zones, and we expect the same would be true for Guelph," she states.

“For example, if Guelph Hydro either doesn’t charge for certain services or charges less than Alectra, then Guelph’s rates would continue to apply to Guelph and Rockwood customers.”

Collecting paycheques

With a merger with Alectra, the number of hydro workers in the city is expected to go down. According to the staff report recommending the merger, 70 of the 130 people currently employed by Guelph Hydro would stay on board in the city. Of the remaining 60, half would be asked to relocate within Alectra’s network, while the others “are expected to be addressed through attrition, voluntary retirement or voluntary separation whenever possible.”

Thomson points out that these job reductions are not going to happen right away.

“If council makes the decision (to go ahead with the merger) on the 13th, it doesn’t mean on the 14th that people are losing their jobs,” he says.

“People, understandably, don’t understand that point. This is going to be a two-to-three-year process, and lots of things happen in two-to-three years. “

The report states that relocations would start in 2019, after the Ontario Energy Board gives a thumbs up to the merger. The majority of relocations would come between 2020 and 2022.

Thomson adds that, with Alectra expected to grow its market share, new positions could become available due to that growth.

Armstrong says it has not been discussed at this time whether employees already with Alectra would be brought to Guelph as part of the merger.

Future of a new utility

While Alectra is a large company - the second largest municipally-owned utility company in North America, in fact, standing behind only the Los Angeles Department of Water and Power - Thomson says residents should not fear of a large corporation with only profits in mind taking over.

“It’s 97-per-cent owned and held by municipalities, just like Guelph. Just like our council, they have councils. They clearly ... didn’t want to be privatized either, and they formed what is really a municipal co-operative,” he says.

“The likelihood of it ever being privatized is slim, both from the shareholder agreement and the municipal ownership and the tax disincentives to go private.”

Alectra was created following the merger of Mississauga’s Enersource; Markham, Barrie and Vaughan’s PowerStream; and Hamilton and St. Catharines’ Horizon. That merger was done in order to purchase Hydro One Brampton from the Ontario government, which brought the province more than \$600 million in revenue.

Some were taken by surprise when news of a possible merger with Alectra first broke in October. Since then, there have been numerous social media posts calling for a public vote on whether to go ahead with the merger.

Thomson says that based on what would likely be low voter turnout and the role councillors currently play, that would not be the best route to go.

“The last municipal election we had, only 45 per cent of the entire electorate voted. Typically a referendum would not work for this type of an issue,” he says.

“The constituents elect members of council to make these types of decisions for them. We’ve hired professional accounting people, professional legal people that have provided fair and reasonable reports. So we’ve provided councillors with all of the right information for them to be able to make a decision.”

Guelph councillors are expected to vote on whether to proceed with a merger at a special meeting of council Dec. 13. The meeting, which features more than 30 people offering public delegations as of press time, gets underway at 6:30 p.m. at city hall.

NDP to Introduce Bill to Ban Hydro Prepaid Meters

Net Newsledger

2017-12-11

QUEEN’S PARK — Ontario NDP Leader Andrea Horwath is introducing a new law to ban pre-pay hydrometers, protecting people from having the electricity cut off if they don’t feed the meter.

“When it comes to hydro bills, Kathleen Wynne has brought us one disappointment after

another, from the sell-off of Hydro One to her \$40-billion borrowing scheme that will send hydro bills soaring after the election,” said Horwath. “Now, the privatized Hydro One has applied for the power to install pre-pay hydrometers on people’s homes and small businesses.

“That means that families, seniors, and businesses will have to keep the meter fed, or lose their power automatically.”

That plan was quietly inserted into Hydro One’s distribution rate application for 2018 to 2022. It would give the company power to replace smart meters with pre-pay meters. The Liberal government has been defending that move, despite the experience of other countries like the United Kingdom, which banned pre-pay water meters 20 years ago.

“This is what privatization looks like,” said Horwath. “Seniors living on small pensions resorting to candles and blankets when they can’t afford more credits. Parents telling their kids they can’t afford to keep the lights on. It has to be stopped.”

Horwath is concerned that the new meters would skirt the ban on winter-time disconnections since they cut off electricity automatically if the meter isn’t fed by buying credits at a corner shop or online.

“Kathleen Wynne and Hydro One’s solution for high hydro bills is to make folks pay up-front to ensure the company comes out on top. My solution is to lower hydro bills so families can actually afford them.”

The NDP’s *Protecting Hydro Consumers Act*, prohibiting distributors from installing pre-pay meters anywhere in Ontario, is in addition to Horwath’s plan to cut hydro bills down by about 30 percent for all homes and businesses, ending mandatory time of use pricing and bringing Hydro One back into public hands.

The NDP stated that “Patrick Brown and the Conservatives are offering no change for hydro. According to Brown’s platform, the Conservatives will keep Kathleen Wynne’s privatization, and her \$40 billion dollar borrowing scheme, and send hydro costs soaring after the election. On Nov. 30, Brown’s Conservatives voted with the Wynne government to block an NDP motion to start bringing Hydro One back into public ownership”

Horwath tables bill to protect families from pre-pay hydro meters

2017-12-11

Ontario NDP Leader Andrea Horwath is introducing a new law to ban pre-pay hydro meters, protecting people from having the electricity cut off if they don't feed the meter.

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NDP To Introduce Bill To Stop Pre-Paid Meters

Source: CBC

Dec 11, 2017 6:31 PM

Anchor: Ontario NDP leader Andrea Horwath announced a new plan today.

NDP Leader Andrea Horwath: I'm tabling legislation to ban the use of prepaid hydro metres in people's homes.

Anchor: Hydro One has submitted an application that would give the company power to replace smart metres with prepaid metres. If approved, customers would have to feed the meter with credits in order to keep the lights on. The NDP plans to introduce the Protecting Hydro Consumer Act, which would stop distributors from installing pre-paid meters anywhere in the province.

Ontario's deficit is growing — and the Fair Hydro Plan is largely to blame | A new report from the Financial Accountability Office says that the province will add \$75 billion to its debt over the next four years

TVO

2017-12-11

Byline: Sarah Reid

ntario will have a \$4 billion deficit in 2017-18 and its fiscal position will continue to deteriorate over the next four years, largely due to the government's Fair Hydro Plan, according to [a new report](#) published Monday by the Financial Accountability Office of Ontario.

"It's pretty clear that we think that they are overly optimistic in their revenue projections," said David West, the FAO's chief economist, at a press conference at Queen's Park.

The Ontario government projected balanced budgets 2017-18 through to 2019-20 in [its fall economic statement](#) .

By 2021-22, the FAO expects the deficit to reach \$9.8 billion, because the province will no longer be able to rely on one-time revenues (such as the sale of Hydro One assets and federal transfers for infrastructure), and it will see more moderate tax revenue growth. But the biggest piece of the puzzle is the Fair Hydro Plan, which is intended to reduce electricity bills by an average of 25 per cent.

The FAO adopted accounting recommendations from the auditor general for net pension assets and the Fair Hydro Plan, which explains the vast difference between its numbers and the government's. (The auditor general [said last year](#) that the government could not include \$10.7 billion in pension assets as government assets, because the government did not have ready access to those funds, even though they have been counted as government assets since 2001.)

Because the government has not adopted the auditor general's accounting recommendations, it "has reduced the transparency and reliability of Ontario's fiscal plan," [the FAO report says](#) .

"I think as this debate goes forward, I think the credit rating agencies may revisit their ratings [for Ontario]," West said.

The Progressive Conservatives were eager to jump on the FAO's report. "It's distressing to hear another story like this that shows that the Liberals aren't being honest with the people of Ontario about the province's fiscal realities," said Todd Smith, the PC energy critic, in a scrum after Question Period.

(Even though the Tories are criticizing the Liberals for their accounting, Smith says his party will continue to present its plans based on government projections, so that they are providing an "apples-to-apples comparison.")

Here are a few highlights from the report.

The Fair Hydro Plan will increase deficits in the short term

In the spring, the government announced its Fair Hydro Plan, a subsidy that was not included in government accounting, because funding for the rate cut is being borrowed through Ontario Power Generation.

Ontario's auditor general says the debt should be captured as an expense – advice the government so far has not heeded. The [AG said at the time of her report's release](#) that the

move will cost taxpayers an extra \$4 billion in interest on the debt over the course of the program.

Over the next four years, the FAO expects that the Fair Hydro Plan will increase program spending by an average of \$2.8 billion per year.

Debt will exceed government projections

Ontario is already the most indebted subnational government in the world. Even so, the FAO expects that the province will add \$75 billion to its debt over the next four years, taking its total debt to about \$400 billion.

Increased borrowing and rising interest rates mean it will cost the province more to pay off what we owe; interest on the debt is expected to rise to 8.3 cents of every dollar of government revenue by 2021, compared to 7.9 cents today.

The current net debt-to-GDP ratio — or debt relative to the size of the economy — is almost 40 per cent in Ontario. The government has committed to lowering this to 35 per cent by 2023-24 and to 27 per cent by 2029-30.

But the FAO is doubtful that will happen. This report only looks four years out, but already the FAO expects debt-to-GDP will rise slowly in that timeframe and hit 41.4 per cent by 2021-22.

(The FAO's long-term outlook, released earlier this fall, expected Ontario's debt-to-GDP levels to reach 63 per cent by 2050.)

Economic growth is expected to be strong this year, but moderate next

In the FAO's spring outlook, it projected that Ontario's economy would grow by 2.4 per cent in 2017. Now their projection is 2.9 per cent. One FAO official attributed this robust growth to what he called "surprising strength" in household consumption, as well as growth in residential construction and investment.

Despite the strong growth expected this year, for the next four years the FAO expects growth to be lower, between 2 and 2.3 per cent per year.

In its response to the FAO's report today, the government ignored the accounting disparities and the larger deficit and debt projections, choosing instead to focus on growth in the Ontario economy.

"I want to thank the FAO for his report, Mr. Speaker," Premier Kathleen Wynne said

during Question Period. “The report actually shows that our plan is working: the economy is growing, our unemployment rate is the lowest it has been in 17 years, and more than 843,000 net new jobs have been created since the recession.”

Wind energy is supposed to fight climate change. But climate change is fighting back

thespec.com

Mon Dec 11 2017

Section: News

Climate change is affecting wind energy’s potential to provide power, diminishing a renewable energy source that scientists and policy-makers are counting on to replace fossil fuels, according to two scientific studies.

The world is turning more and more to renewable sources of energy - wind, solar power, and in some cases energy from flowing water - to fight climate change. But what if climate change itself alters the distribution of wind, or sunlight falling on the Earth’s surface, or river flows, and so changes or even shrinks the potential of these energy sources?

The studies suggest that, at least for wind energy, that is not only happening - at least in some key locations - but that it could grow worse.

“Renewables, including wind, are an important part of many nations’ and even states’ overall strategies for reducing greenhouse emissions,” said Kristopher Karneck, a researcher at the University of Colorado, and first author of one of the studies. “So it’s important that we fully understand how the potential efficacy of that mitigation strategy may be changing concurrently with the problem itself. We can’t assume that the baseline wind energy resource is a constant.”

Why would wind energy potential change because of climate change? At the most fundamental level, winds are driven by the unequal distribution of the sun’s energy across the surface of the Earth, which in turn creates regions of different atmospheric pressure. Wind then flows from regions of high pressure to regions of low pressure. Those installing wind turbines try to place them in spots where that flow tends to be particularly strong.

But climate change is also distributing energy unevenly across the planet. In particular, land surfaces are warming up more rapidly than are ocean surfaces, even as the Arctic is warming up much more rapidly than the northern hemisphere's middle latitudes.

It's not surprising that the distribution of winds around the Earth would change under global warming. Indeed, in the Southern Hemisphere, some researchers believe that changing winds are responsible for the growing melting of Antarctic glaciers, as they are driving warmer, deeper waters closer to the icy continent.

So how could changing wind patterns affect the deployment and effectiveness of wind energy?

The first of the two studies, recently published in Nature Scientific Reports, gives a first glimpse at an answer. It finds that the nation that has installed more wind energy than any other on Earth - China - is actually seeing a lowering of wind energy potential across vast regions, especially Inner Mongolia and Gansu, two of the largest installation areas.

"To my great surprise instead of finding a random signal, we found that it was actually declining ," said Michael McElroy, a Harvard Earth sciences professor who is one of the authors of the study. He conducted the research with Peter Sherman, the first author, and Xinyu Chen of Harvard.

The researchers found, based on a large database of meteorological records, that there already has been a wind energy decline in key regions of China from 1979 through 2015. And they found that this had happened in concert with an overall warming trend, although natural climate fluctuations also played a role.

The change occurred, McElroy said, because the Asian continent has been warming up faster than the Pacific Ocean offshore.

"The circulation of the atmosphere over East Asia is what's called a monsoonal circulation, driven by the temperature contrast between the land and the sea," he said. "In winter, that temperature contrast is trending down."

China, the world's largest emitter of carbon dioxide by a considerable margin, has already installed well more than 100 gigawatts of wind energy, considerably more than any other nation. So the new research plainly shows how climate change can render itself harder to fight.

“This is a very important result because it highlights the many negative impacts of climate change,” Dan Kammen, an energy policy expert at the University of California at Berkeley, said of the China study, with which he was familiar but not involved.

These changes in China already seem to be happening. But the second study, published Monday in Nature Geoscience and apparently the first comprehensive look at wind energy resources under climate change, projects forward to the future using 10 climate change models. And it finds more of the same across the mid-latitudes of the Northern Hemisphere - a key area for wind energy installation from the United States to Europe to China - even as under some scenarios, the models show a growth of wind resources in the tropics and the Southern Hemisphere.

“What we found is that global warming will reduce the wind energy resource across much of the Northern Hemisphere, especially in the central U.S.,” said Karnauskas, who conducted the work with university colleagues Julie Lundquist and Lei Zhang.

Based on high and low scenarios for the volume of greenhouse gas emissions, Karnauskas’s study found declines on the order of 10 per cent to 40 per cent of potential wind energy in the Northern Hemisphere middle latitudes by 2100. For the central United States, it showed declines by 8 per cent or 10 per cent by 2050, depending on whether the world follows a lower or higher greenhouse gas emissions scenario.

Meanwhile, wind energy potential in Southern Hemisphere regions such as East Brazil, West Africa and East Australia increased significantly in the models, but only under high emissions scenarios. That’s a trade-off, but hardly a simple one: The majority of current wind installations are in the Northern Hemisphere, as is the majority of global population and thus, naturally, global energy demand.

The changes in wind energy potential found in Karnauskas’s study had a different cause than in McElroy’s - at least for the Northern Hemisphere. This was the reduction in the temperature difference between the Arctic and the mid-latitudes, as the Arctic warms up at a considerably faster rate. This changing temperature gradient is already being blamed by some climate scientists for altering mid-latitude weather.

It’s important to emphasize that in no case are we talking about a vanishing of the wind resource - rather, it’s a fractional decline. Turbines will still draw energy from the winds, but the overall potential could be less.

“The reduction over that 40 year period is roughly 10 per cent,” said McElroy, referring to what has already occurred in China. “That’s a big deal, but it’s not a game changer.”

Furthermore, these studies looked at wind energy installations on land surfaces - not coastal offshore installations, which are growing in number, or true deepwater installations, which are only beginning at the moment. These could present a different story.

Nonetheless, the new research underscores that, if we are going to rely on the natural processes of the Earth to counter the ways in which we’re changing the Earth, we should be ready for the occasional curveball.

“I don’t think that it says, let’s not employ wind energy as part of the solution to climate change,” said Karnauskas. “It’s always been cast as one piece of the pie that makes up a strategy to reduce emissions. But it also means that it is precariously sensitive to the climate state itself.”

Ontario in red?; Liberals on track for \$4B deficit in 2017-18: Watchdog

Toronto Sun

Tue Dec 12 2017

Page: A4

Section: News

Byline: Shawn Jeffords

Ontario ‘s fiscal watchdog says the Liberal government will run a deficit this fiscal year, despite claims it has balanced the budget.

In a new report Monday, the Financial Accountability Office said the Liberals will run a \$4 billion deficit in 2017-18, and will continue to be in the red over the next few years.

More moderate growth in revenues and the increasing fiscal impact of the province’s Fair Hydro Plan, which cuts electricity rates by 25%, will take their toll on Ontario’s books the report notes.

It also says a long-simmering accounting dispute between the Liberal government and Auditor General Bonnie Lysyk over how to count two public sector pension plans on the ledger is contributing to uncertainty.

“We’ve been very consistent that because of a number of factors we think the deficit will re-emerge,” said FAO chief economist David West. “Now, with this accounting debate it will become more significant.”

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 FAO, however, projects the government’s budget deficit will grow to \$9.8 billion in 2021-22.

“The government is out borrowing this money,” West said. “This current year they’re going to borrow \$23 billion in the markets. That’s going to rise to \$45 billion in the coming years.”

The FAO also said the government’s new hydro plan will add \$3.2 billion to the budget deficit by 2021-2022.

Last year Lysyk questioned the province’s decision to include a pair of public pensions - the Ontario Public Service Employee’s Union Pension Plan and the Ontario Teacher’s Pension Plan - as assets on its balance sheet.

The FAO said that since the government has not adopted the auditor’s recommended accounting for both the pension assets, and with the addition of the Fair Hydro Plan, it is becoming more difficult for legislators to assess the government’s fiscal projections.

Ontario parties lack plan to fix deficit threat; Financial Accountability Office says further delay will prove costly

Ottawa Citizen

Tue Dec 12 2017

Ontario is facing years of worsening deficits because none of the major parties has a plan to make the province's spending line up with its income, says the government's Financial Accountability Office.

"To the extent the government delays making those adjustments today, the adjustments will become more difficult in the future, and you're shifting it to future generations and to young people," said David West, the office's chief economist, releasing the agency's latest economic and fiscal outlook Monday morning.

The Liberals under Premier Kathleen Wynne have put a lot of their political capital into a promise to balance the provincial budget this year, and they've done it, but it won't last, according to the watchdog's numbers.

The Liberals are selling assets, getting a big bubble of federal infrastructure money, selling carbon-market permits and booking the last year of revenues from a debt-retirement charge for the hydro system they're pledging to scrap.

The province's strengthening economy will mean equalization payments that shrink after this year. The government is scrapping the debt-retirement charge on hydro bills.

How bad will it be? That's a slippery question, with a government plumbing Trumpian depths of relative truthiness in its public accounts.

We're up to three different versions of the provincial government's books, depending on how you count surpluses in a couple of public pension funds and money the government is borrowing to lower electricity prices temporarily. Without getting into the weeds on these disputes, the Liberals want to run the numbers in a way that makes them look good and they're not obviously wrong, but all the government's independent officers with anything to say about it - the auditor general, the financial accountability officer - say what they're doing is not OK.

Next year, using accounting rules on the politician-friendly "easy" setting, we'll run a deficit of \$1.9 billion. In 2022, the deficit will be \$3.7 billion, the FAO says.

If we run the numbers the hard way, the deficit by 2022 is \$9.8 billion. There's no magic

solution to this. The government can raise taxes and fees or it can cut spending.

“Raising tax rates could impact economic growth, while program restraint would place greater stress on (limited budgets),” West said.

This is happening in pretty good times: the Liberals in power are projecting a strong economy over the next few years and West and the FAO don’t disagree. Their projections might have a tenth of a percentage point difference here or there, but basically they’re all expecting Ontarians to be well employed and the economy to grow.

Finance Minister Charles Sousa liked that part.

“We would like to thank the FAO for his report,” he said. “The FAO confirms that Ontario ‘s economy is growing and he expects this growth to continue.”

But, the minister went on, we must keep expanding the government: “(W)e know that even though our economy is growing, not everyone is benefiting from this growth. That’s why we’re creating fairness and opportunity by raising the minimum wage, making university and college tuition free and making prescription drugs free for young people.”

Mind you, nobody ever, ever says that three years from now we’ll be in a recession that’ll rip through the government’s books like a wildfire. Those always arrive unexpectedly, as far as the forecasters are concerned, which makes the assumption that we’ll overspend even in good times even more worrying. This is when you pay off debt, not take on more.

More broadly, Ontario can’t go on indefinitely with a government that’s at war with the legislature’s designated experts over billions of dollars in assets and debts the government might have, or not.

The Progressive Conservatives, nominally the party of fiscal rectitude, are actually a little deeper in this muck than even the Liberals are. They brandish the auditor general and budget watchdog reports and accuse the Liberals of cooking the books, and yet they’re using the Liberals’ numbers as the foundation for their own fiscal plan. Because, duh, the Liberals’ numbers are easier to work with when you’re promising voters an activist, spendy government.

The last time a new party took power in Ontario, when the Liberals defeated the Tories in 2003, we had a similar situation: the Ernie Eves government was running a deficit and didn’t want to admit it, though everyone knew the books weren’t as cheery as the Tories

said. The Liberals said so, and also used the Tory numbers to build their own plan. Then they got into office and proclaimed their horror at the \$5.6-billion deficit lurking on the desk. They raised taxes, after Dalton McGuinty signed a great big, banner-sized pledge not to.

Under any but the most optimistic projections, whoever wins June's election is in for a similar reality check. What they're going to do about it should be a central campaign question.

Liberals on track for \$4B deficit in 2017-2018: FAO; Liberals will run \$4B deficit in 2017-18: FAO

Canadian Press

Mon Dec 11 2017

Section: Ontario

Byline: Shawn Jeffords

TORONTO - Ontario's financial watchdog says the Liberal government will run a deficit this fiscal year, siding with the auditor general in a dispute over accounting practices the province has used to declare its books balanced.

In a report released Monday that examines Ontario's Fall Economic Statement, the Financial Accountability Office said the Liberals will run a \$4 billion deficit in 2017-2018 and will continue to be in the red over the next few years.

More moderate growth in revenues and the increasing fiscal impact of the province's Fair Hydro Plan, which borrows billions to cut electricity rates by 25 per cent, will take their toll on Ontario's books, the report notes.

It also says a long-simmering accounting dispute between the Liberal government and Auditor General Bonnie Lysyk over how to count two public sector pension plans on the ledger is contributing to uncertainty.

"It's pretty clear that we think they are overly optimistic in their revenue projections," FAO chief economist David West said of the government's figures.

The Liberals presented a balanced budget in the spring a year ahead of the provincial election. Finance Minister Charles Sousa said last month that Ontario is on track to balance its budget over the next two years.

The FAO projects the government's budget deficit will grow to \$9.8 billion in 2021-2022. The government's new hydro plan will make up \$3.2 billion of the deficit that fiscal year, the FAO said.

"We've been very consistent that because of a number of factors we think the deficit will re-emerge," West said. "Now, with this accounting debate it will become more significant."

The FAO report projects that Ontario's net debt will increase by more than \$75 billion over the next four years to approximately \$400 billion.

"The government is out borrowing this money," West said. "This current year they're going to borrow \$23 billion in the markets. That's going to rise to \$45 billion in the coming years."

Last year, Lysyk questioned the province's decision to include a pair of public pensions - the Ontario Public Service Employee's Union Pension Plan and the Ontario Teacher's Pension Plan - as assets on its balance sheet.

The auditor also took issue with what she described as the government obscuring the true financial impact of its hydro plan to avoid showing a deficit on the province's books. She estimated in October that the plan will cost taxpayers \$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.

The FAO said in its report that since the government has not adopted the auditor's recommended accounting for both the pension assets and the Fair Hydro Plan it is becoming more difficult for legislators and the public to assess the government's fiscal projections.

Premier Kathleen Wynne said Monday that the FAO report confirms Ontario's economy is growing and she expects that will continue.

"(The FAO) also confirmed that under the accounting presentation that we've been using for the last 16 years, the budget is balanced, and in fact, there's a small surplus for 2017-18," Wynne said.

PC finance critic Vic Fedeli called the FAO report a “blistering indictment” of the government’s fiscal policies.

“The Financial Accountability Office said that government must either raise revenues or lower spending,” Fedeli said. “Will we know before or after the election which taxes they intend to raise?”

NDP Leader Andrea Horwath said the FAO report shows that the Liberal’s hydro plan will have a significant impact on the province’s debt.

“The most important lesson from the FAO is him showing that the Liberal borrowing scheme that they put forward is not in the best interests of the people of Ontario ,” she said. “I think it’s really clear that the FAO has identified a big problem here.”

Update on Ontario’s biomass generating stations

Canadian Biomass

2017-12-11

Byline: Gordon Murray

Dec. 11, 2017 - The Wood Pellet Association of Canada (WPAC) held its annual conference in Ottawa in September 2017. Only a few months before, Prime Minister Justin Trudeau had announced the Pan-Canadian Framework on Clean Growth and Climate Change, the new national plan to meet Canada’s emissions reduction targets, grow the economy, and build resilience to a changing climate.

WPAC wanted to make sure that government understood how wood pellets could be used to generate power and heat while helping Canada fight climate change and meet the country’s 2030 emissions reduction targets.

WPAC organized a two-day post-conference tour to Ontario Power Generation’s Atikokan and Thunder Bay biomass generating stations, its Kakabeka hydro-electric generating station, and

to Confederation College’s Biomass Energy Facility. The group of 15 tour participants

included scientists, engineers, consultants, and commercial executives from Canada, Austria, Germany, Norway, the Netherlands, Sweden, and the United States. Darcey Bailey, OPG's production manager west, was the group's tour guide. Not only is Bailey a professional engineer and the person responsible for overseeing the operation of the two biomass power plants as well as several hydro-electric generating stations, he was directly involved in the planning, engineering, and construction of the biomass conversions of Atikokan and Thunder Bay, and he exudes enthusiasm at all times. The group was extremely fortunate to have him as a guide.

A few of the topics we discussed during our visit included: (1) why the two biomass conversions took place, (2) why the two plants continue to operate, and (3) what their future might hold.

The genesis of the Atikokan and Thunder Bay coal-to-biomass conversion projects was in 2001, when Ontario had five coal-fired generating stations providing 25 per cent of the province's electricity. That year, Ontario announced that it would close the Lakeview Generating station, which it accomplished in 2005. In 2003, the province announced its intention to close its remaining coal-fired generating stations. Atikokan closed in 2012, followed by Lambton and Nanticoke in 2013 and Thunder Bay in 2014. By the time the final plant had closed, Ontario had reduced its GHG emissions from electricity generation by more than 80 per cent. In 2005, the province issued 53 smog advisories; now there is no longer a need for smog advisories.

The conversion of the 205-megawatt Atikokan Generating Station to white wood pellets was completed in 2014 at a cost of \$170 million. The original plant was built in 1985 at a cost of \$800 million. Thunder Bay Generating Station converted one of its two 153-megawatt units to advanced wood pellets for \$5 million in 2015. Both plants are used as peaking plants to help with local load balancing, with Atikokan operating about 10 per cent of the time and Thunder Bay operating about two per cent of the time.

Northwest Ontario is a vast region dominated by forestry and mining, which in recent years has declined, substantially reducing electricity demand. Current average regional demand is about 700 MW with peak demand in the 1,100 to 1,200 MW range. The region has 687 MW of hydro-electric generating capacity and 358 MW of biomass generating capacity: 205 MW at Atikokan and 143 MW at Thunder Bay. Northwest Ontario has three grid interconnections with Minnesota, Manitoba, and via a 400-kilometre transmission line from Thunder Bay east to Wawa and the rest of the Ontario grid.

Despite recent declines in forestry and mining, there are approximately 25 new mines under development in northwest Ontario, many of which are expected to be in production by 2020. One area – the Ring of Fire – is a massive planned chromite mining and smelting development that is expected to be as significant in terms of economic activity as Alberta's oil sands.

Moreover, the province is under pressure to connect a large number of remote northern communities to the electrical grid. There are many remote communities in the northern part of the region that are not connected to the grid and produce their own power from expensive diesel generators. Ontario's Independent Electricity System Operator (IESO) has concluded that there will be significant new electricity demand in northwest Ontario. Consequently, the province is planning two new high capacity 230 KV double-circuit transmission lines: one to parallel the existing 115 KV line to Wawa, and a second line to run northwest from Thunder Bay to areas north of Dryden and eventually to the Ring of Fire.

Considering that northwest Ontario has three grid interconnections and is planning additional high capacity transmission lines into the region, it raises the question as to why the Atikokan and Thunder Bay biomass conversions were needed. There are many compelling reasons:

1. To extend the life of valuable existing assets. Many millions of dollars were invested in building the two generating stations and they had significant useful life remaining. The cost of converting the plants from coal to biomass was a fraction of their original construction cost.
2. To provide regional energy security. The regional hydro-electric generating stations have only enough capacity to cover average base-load demand, provided they are all operating at 100 per cent capacity without any downtime. It is risky to rely entirely on low-capacity long-distance grid connections for balancing.
3. To provide community economic support. With the recent decline of regional forestry and mining, the two generating stations provide important jobs and economic activity. In the case of Atikokan, the generating station provides about \$2 million of municipal tax revenue and is a vitally important employer.
4. To provide future regional base load electricity. Recent estimates have put the cost to build the 230 KV East-West Tie Line between Thunder Bay and Wawa at \$777 million. The transmission line to Dryden and Points North could cost another \$1 billion or more. These costs are to be shared by all OPG rate payers. Ontario rate payers have recently been

expressing outrage at the rapidly rising cost of electricity and there may be too much political risk in proceeding with such expensive new projects.

5. To maintain diversity in Ontario's electricity mix. Ontario's electricity mix consists of nuclear, hydro, natural gas, wind, solar, and biomass powered electricity. The province is committed to maintaining a diverse renewable energy mix.

WPAC is an enthusiastic supporter of the biomass conversions of OPG's Atikokan and Thunder Bay power stations. Our members export millions of tonnes of wood pellets to power stations in Europe and Asia where they have had great success in using wood pellets as a replacement for coal to reduce GHG emissions. Despite this, most Canadian coal power producers remain unwilling to consider wood pellets. Ontario Power Generation is a refreshing exception and it is highly beneficial to be able to point to their two biomass generating facilities as local success stories.

On Sept. 15, 2017, immediately before WPAC's Ottawa conference, the Canadian Council of Forest Ministers announced a Forest Bioeconomy Framework for Canada. WPAC is optimistic that this will bring increased focus and attention on bioenergy and that other power utilities will follow OPG's lead by bringing more biomass power projects to other regions of Canada.

Power has been restored in Scarborough to 1,400 customers, Toronto Hydro says

CBC News

2017-12-11

Byline: Kirthana Sasitharan

Electricity has been restored to approximately 1,400 Scarborough residents who lost power due to a defective underground cable outside one of Toronto Hydro's stations, the utility says.

The power outage began at 4 p.m.

According to a tweet from Toronto Hydro, the original boundaries of the power outage were from Sheppard Avenue East south to Ellesmere Avenue and from Scarborough Golf Club Road east to Morningside Avenue.

Emergency crews were on site restoring power and had estimated that power would be

back on by 2 a.m.

Toronto Hydro spokesperson Kaitlyn Woods said the repairs were more extensive than originally thought and says crews worked hard to restore power.

"We do understand it's pretty cold out."

Proposed Union Gas utility merger with Enbridge would create 'virtual monopoly,' says analyst

CBC.CA News

Mon Dec 11 2017, 4:49pm ET

Section: Windsor

Byline: CBC News

Energy analyst Dan McTeague is concerned a proposed merger of the Union Gas and Enbridge natural gas systems in Ontario would create a “virtual monopoly.”

While Enbridge and Union Gas parent company Spectra completed their corporate merger in February, their Ontario distribution utilities, which deliver natural gas to homes and businesses, remain separate.

In December, Union Gas customers received notification that an application has been filed with the Ontario Energy Board, which regulates natural gas utilities, to allow the two systems to operate as one.

The companies claim that the move will be good for consumers, saying the amalgamation will give clients “a total benefit of \$410 million over a ten-year period.”

In an interview with Afternoon Drive host Chris dela Torre, McTeague said that due to their corporate merger, the desire to combine Enbridge and Union Gas' natural gas systems in Ontario is not surprising, but will fundamentally change the province's natural gas supply.

"The structure of the market [will be] highly concentrated and in the hands of one particular player ? I don't think such a thing would normally happen under other anti-trust jurisdictions, particularly the United States," McTeague said.

New entrants would also find it much harder to purchase or build natural gas utilities in Ontario he said, adding that it may affect the access of wholesale suppliers as well.

Rates still controlled by OEB

?McTeague said that while natural gas rates would still be set by the Ontario Energy Board, having one company dominate the natural gas network could still affect prices down the road.

"How do you question the distribution rates if you have only one player that is serving as a gatekeeper for what comes into Ontario?" he said.

"There are plenty of ways which one can pass on the costs of doing business ... those prices can be in fact be rubber-stamped and passed on," McTeague said.