

Announcement on cuts to Ontario hydro bills coming Thursday...

From: Command News <fp.news.killornb@commandnews.com>
To: "Killorn, Bill (OPO)" <bill.killorn@ontario.ca>
Date: Wed, 01 Mar 2017 17:04:34 -0500

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Mar 01 2017 17:03:00 - Source: CP [The Canadian Press]

Announcement on cuts to Ontario hydro bills coming Thursday (Ont-Hydro)
By Allison Jones

THE CANADIAN PRESS

TORONTO _ Ontario electricity ratepayers will learn Thursday how the Liberal government plans to reduce their bills, which reportedly includes a move akin to refinancing a mortgage that's being slammed as just kicking costs down the road.

The plan is to slash soaring hydro bills by another 17 per cent largely by paying the costs of electricity generation contracts over longer periods, Toronto Star reported Wednesday.

The Liberal government faces no bigger political issue at the moment than hydro bills, which have nearly doubled in the last decade, and Premier **>Kathleen Wynne<** had promised that further relief _ in addition to an eight-per-cent rebate that took effect Jan. 1 _ would be announced before the spring budget.

Wynne and Energy Minister Glenn Thibeault are set to make their announcement Thursday morning. After a cabinet meeting Wednesday afternoon, Thibeault wouldn't say whether relief would come all at once or in phases.

"I would like to see it all done at once to ensure that we can get the best bang for every ratepayer's dollar," he said.

It could take some time to take effect, if regulatory changes or legislation are needed, Thibeault said, but it could perhaps be made retroactive.

Progressive Conservative Leader Patrick Brown said the reported plan would just shift costs from people's hydro bills to tax bills.

"The money needs to come from somewhere," he said. "Will this government come clean and acknowledge that in their leaked plan, taxes are going to go up? They're simply playing a shell game."

Thibeault said Ontario Power Generation did something similar to reduce nuclear refurbishment cost increases.

"It's something that OPG has recognized that works, but for us in terms of our smoothing _ or our rate mitigation plans, we're not putting anything out there right now," he said.

Energy consultant Tom Adams said in a blog post that the plan would create a "big new electricity debt" in order to make rates "appear" to decrease.

“In a nutshell, Wynne's plan is to stretch out the recovery of current electricity generation costs over a longer time period than currently is the case,” he wrote.

It's not clear whether the underlying contracts would be extended or if the Ontario Electricity Financial Corporation, which manages the debt of the former Ontario Hydro, would fund the difference, Adams wrote.

The Star reported the benefit from the plan would be more than \$1.5 billion a year, reflected in decreased global adjustment costs.

The global adjustment, which accounts for up to 70 per cent of electricity rates, is the charge consumers pay for above-market rates paid to power producers in 20-year contracts meant to ensure a steady supply.

Auditor general Bonnie Lysyk has estimated the global adjustment cost \$50 billion between 2006 and 2015 and increased by 1,200 per cent between 2006 and 2013 _ meanwhile, the average electricity market price dropped by 46 per cent.

NDP deputy leader Jagmeet Singh said the reported plan wouldn't address the root causes of problems within the electricity system, such as the high-paying, long-term contracts.

“When they talk about smoothing out payments ... that means extending a bad contract and by extending it the interest payments are going to put more money in the hands of bankers,” he said.

The NDP on Monday presented its plan to lower hydro bills, and it included renegotiating power contracts they say have led to high costs and an oversupply of energy.

The government will also shift the Ontario Electricity Support Program for low-income customers to the tax base, rather than being funded by other ratepayers, the Star reported.

Wynne has previously signalled that more savings will be coming for rural and northern ratepayers, who face significantly higher costs than urban customers, and Thibeault has suggested that changes are on the way for time-of-use pricing.

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