

ENERGY media calls

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Good afternoon,

Today ENERGY issued the statement below in response to Doug Ford's 12% hydro plan. Proactive requests came from CP and iPolitics, and the statement was issued to all gallery, as well as Kitchener-Waterloo media.

In addition, ENERGY responded to an extensive request from Global News regarding the Watay Power agreement. The full Q&A is also included below.

Let us know if you have any questions.

Cheers,
Colin

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Statement on PC 12% Plan

"After months of denouncing the Fair Hydro Plan, Doug Ford today announced his intention to embrace the plan as the foundation of his own electricity pricing plan. Ford will retain all aspects of the Fair Hydro Plan, which reduces electricity rates by 25% on average for Ontario families and businesses – and up to 40% - 50% in remote and rural areas.

Unfortunately, it's everything else that Doug Ford has proposed that fails to pass the smell test. Like his [income tax credit scheme](#) announced last week, Doug Ford's plans don't add up to anything but empty promises that will eventually dig their way into people's pockets. First, his cornerstone commitment to abandon all new contracted electricity procurement projects fails to mention that...there are no new contracted electricity procurement projects. As a consequence, there can't be any savings that can be passed onto customers. Worse than that, by bragging loud and large that he'll tear up committed capacity contracts, he is inviting massive law suits that will surely be won, costing the provinces hundreds of millions of dollars that, in turn, will drive electricity bills back up. This undeniable fact has even been acknowledged by Ford's own caucus member and energy critic MPP Todd Smith who said this would "come at a huge cost to taxpayers and we're going to see electricity prices continue to rise."

Reporter/Outlet: Brian Hill, Global News
Topic: Watay Power financing

Summary:

The Wataynikaneyap Power Project is an incredible opportunity for Ontario to partner with First Nations and demonstrates strong economic value for First Nations communities, the province's ratepayers and the government. The partnership between Wataynikaneyap Power and the Federal and Provincial governments is premised on a positive business case that benefits the 16 remote communities, which will now be able to access clean electricity, rather than relying on expensive and polluting diesel generation. It also benefits Ontario ratepayers by connecting these communities to the grid, which will ultimately save costs over the long run.

Questions/Responses:

1. Please provide a copy of the funding framework agreement announced yesterday .

The funding framework is set out in a memorandum of understanding (MOU) that contains provisions related to confidentiality that prevent it from being released at this point.

Watay Power will be applying to the Ontario Energy Board (OEB) for Leave to Construct in the near term. The OEB's Leave to Construct hearing will be public and Watay Power's application is expected to include further details on the funding for the project.

2. What is the source of the \$1.3 billion in spending the province has promised? Will this come from the tax base or will it be initially funded by electricity ratepayers?

The provincial contribution will be appropriated by the Province under a loan arrangement and recovered from the future federal funding of \$1.6 billion, including interest costs.

3. Please provide an annual breakdown of the spending commitment during the construction period.

Wataynikaneyap Power must obtain all approvals as a requirement for funding, and this includes obtaining Leave to Construct from the Ontario Energy Board (OEB).

Watay Power intends to submit an application for Leave to Construct in the near term. This approval process will provide more information on the specific project plan including with respect to timing of expenditures.

4. Please provide details on when/how the federal government will provide the up to \$1.6 billion it has promised?

The federal funding will be provided in two payments when the project completes designated milestones.

5. If cost of the project exceeds \$1.6 billion who will be responsible for the cost overruns?

While details of the MOU are currently confidential, provisions that protect both ratepayers and taxpayers are an important part of the agreement.

6. If Ontario intends to borrow the funds needed for construction, does the \$1.3 billion commitment include the cost of servicing the debt?

Yes.

7. The plan as I understand it is for Wataynikaneyap Power to eventually have complete ownership of the project, how will this be accomplished?

Ontario understands from Wataynikaneyap Power (Watay Power) that Fortis, the industry partner, is aligned with the First Nations' goals of 100% ownership. Watay can provide additional information on this question.

8. In 2017, Ontario eliminated delivery charges on First Nations reserves: Will the 16 communities connected by the Watay Power line also not have to pay delivery charges once construction is complete?

The First Nation Delivery Credit (FNDC) is applicable to all First Nations customers on reserve that are

served by a licensed distributor.

The FNDC was conceived out of a recognition of the unique challenges experienced by First Nations customers, as well as to recognize the contributions of First Nations to the electricity system in the province. It is one way that the Ministry of Energy is working to ensure that communities across the province have access to clean and affordable electricity.