

Energy Issues - October 12

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Good morning,

Please find below Energy's issues for October 12:

1) Hydro One rate transmission – Appeal

- Hydro One has announced that they will appeal the Ontario Energy Board's rate decision and order that came out on September 28.
- Specifically, they will appeal the part of the decision that deals with the deferred tax asset.
 - o The OEB decided to give 29% of the benefits to ratepayers, and only 71% to shareholders.
 - o Hydro One has asked for 100% of the benefits to go to shareholders.
- Basically, this is the first time the OEB has had to make this decision, and it sets an important precedent. That's why this appeal is an important public policy question that needs resolution.
- This also isn't the first time a decision by the OEB has been appealed. In 2013, Ontario Power Generation got an adverse pension ruling from the OEB and appealed it all the way to the Supreme Court. While OPG lost, it settled an important policy question around pensions and ratepayer costs.

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- As the independent, arms-length regulator of the Province's energy sector, the OEB continues to balance the interests of consumers with those of utilities.
- The province will continue to review the decision carefully and monitor the appeal as it moves through the process.
- As part of its decision, the board reduced Hydro One's ask by \$278 million over two years for administrative and capital expenditure costs.
 - o This is a reduction of almost 10% of what Hydro One asked for.
- Our Fair Hydro Plan has lowered bills by 25% on average for households and as many as half a million small businesses and farms this summer.
- The Fair Hydro Plan also ensures electricity rates are held to the rate of inflation for four years, regardless of the outcomes of any rate application.
- This is the single largest rate reduction in the province's history.

2) OPG Darlington Refurbishment Heavy Water Storage

Global News is running a segment on the Darlington Refurbishment Program with a focus on the status of the Heavy Water Storage and Drum Handling Facility (HWSF) project. The story highlights delays and budget increases on the HWSF, and implies that the overall Darlington Refurbishment is at risk of running over schedule and budget.

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- The heavy water storage facility is only one of about 500 small sub projects that make up the Darlington refurbishment project and represents a very small percentage of the costs included in the Darlington Refurbishment Program.
- There is adequate contingency within the overall Refurbishment program to fund the risks related to the final cost of the HWSF facility.
- **That said, the Darlington refurbishment remains on schedule and on budget.**
- The refurbishment of Ontario's nuclear fleet will ensure we have safe, reliable, emissions-free energy where and when we need it.
- It is estimated that the 10-year refurbishment project, together with Darlington's additional 30 years of operation, will boost Ontario's GDP by almost \$90 billion, and create an average of 14,200 local jobs per year over the same period.
- Additionally, the refurbishment of Darlington will remove the equivalent of two million cars a year from Ontario's roads or 300 million tonnes of avoided carbon emissions.

3) Exhibition Place Wind Turbine sits idle

Mike Crawley has written a piece about the wind turbine at Exhibition Place which is sitting idle due to damage caused by a rainstorm in March. The piece includes commentary from Parker Gallant (Wind Concerns Ontario), who is critical of wind power and the usefulness of wind turbines.

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- Our government is committed to renewable energy and we have built a strong track record with many successes.
- Ontario already benefits from 90% emissions-free electricity generated by diverse supply of generation sources; including wind, solar, nuclear, hydro-electricity, and bioenergy.
- Since 2003, Ontario's clean energy initiatives have attracted billions of dollars in private sector investment, generating over 42,000 jobs at more than 30 solar and wind manufacturers operating in communities across the province.
- Renewables were an important element of our government's plan to close all of Ontario's coal plants by 2014. That year Ontario became the 1st jurisdiction in North America to fully eliminate coal-fired electricity generation - the single largest climate change initiative undertaken on the continent.
- Thanks to clean air and clean energy, Ontario has saved more than \$4 billion in annual health and environmental costs
- Unlike the PC's, we know we can't sit idly by
- Renewable energy projects are a necessary and a crucial part of our low-carbon switch and we're not going to back down from our commitment to providing Ontarians with green solutions

Thanks,

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