

Re: For Urgent Review - Monday Media Note

From: "MacKenzie, Rebecca (OPO)" </o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=mackenzie, rebecca (opo)7a8">
To: "Beaudry, Jennifer (OPO)" <jennifer.beaudry2@ontario.ca>
Date: Fri, 03 Mar 2017 17:45:39 -0500

Hi. Looks good but I think over the weekend we need to add the "strategic objectives" we talked about on the call this am. So she has thos KM's in front of her as a constant reminder

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Beaudry, Jennifer (OPO)
Sent: Friday, March 3, 2017 4:26 PM
To: MacKenzie, Rebecca (OPO)
Subject: For Urgent Review - Monday Media Note

We have added even more regional and Indie88...Please let me know what you think. Need to get to Maddy.

Media Prep Note: Rate Mitigation Interviews – Day 3

Monday March 6, 2017

Time: Briefing 2:15 P.M. // Interviews 2:20 – 3:15 P.M.

Location: Your Office

Prepared by: Jennifer Beaudry
Reviewed by: Issues Team

Premier,

On Monday afternoon you will do a series of one-on-one radio interviews over the phone in your office. The majority of these interviews will be pre-taped. You will be speaking with regional radio hosts from across the province, from London to Kingston.

The purpose of these interviews is to explain your announcement, *Ontario's Fair Hydro Plan*, and reiterate the positive difference this will make for Ontarians.

For messaging, we have included your statement from Thursday's announcement. We will also have your white folder with notes and materials from Thursday with us for these interviews.

As always, please let me know if you have any questions. I can be reached on my mobile: 647-299-5435

Jenn

2:20 P.M. – The Andrew Lawton Show on AM980 News – LIVE – Over the Phone/Your Office

Host: Andrew Lawton

Call in details: 519-931-6068 – Backup is 519-643-2222

Andrew is the host of The Andrew Lawton show on AM980 which airs Monday to Friday from 1 – 9:00 P.M. AM980 is London's breaking news station covering the London region and provincial news. Andrew has been following the energy file very closely and is excited to have the opportunity to speak to you about the details of your announcement. Like your other interview in London, Andrew may bring up manufacturing and the auto sector and how they may benefit from our plan. Andrew is quite right-wing and is well researched and will bring up several of the PC's talking points. He will ask quite political questions and will also bring up your polling numbers.

2:35 P.M. – CKWS Kingston – Pre Taped – Over the Phone/Your Office

Host: Mark Ladan

Call in details: 613-542-9232

CKWS is a television news outlet that covers all regional media in the Kingston area, as well as sports and national news stories. We would like to note Kingston media frequently writes about green energy, specifically the region's opposition to wind power. Your interview with Mark will air on CKWS's evening newscast. Mark may focus on the green energy contracts as this is a hot topic in the Kingston area. He will ask why we didn't just tear those contracts up?

Mark may also ask about offshore wind. We have included messaging below.

3:50 P.M. – The John Oakley Show AM640 – Pre Taped – Phone/Your Office

John is the host of The John Oakley Show which airs weekdays from 4 – 7PM. This is your second time speaking with John. The first time you spoke to him was when he first took hosting duties. He frequently reports on the energy file and has been following the details of your announcement very closely. Patrick Brown was on John's show on Thursday and he spoke with Minister Thibeault on Friday. We have included the transcript of Patrick Brown's interview.

4:05 P.M. – Indie88 – Pre Taped – Your Phone/Your Office

Indie88 is a Toronto rock station. You've been on the morning show a few times most recently for Free Tuition and Pride. It will be important here to go back to the basics of the announcement, as Indie88's listeners may not have heard about the announcement. This interview will be pre-taped and they will get back to us with the host's name on Monday.

P r e m i e r ' s S t a t e m e n t o n O n t a r i o ' s F a i r H y d r o P l a n

We're here today to talk about the high cost of electricity in Ontario: how it got to this point, how it must be fixed and how exactly we're going to put that fix in place. For too long, governments -- my own included -- have made mistakes in the way we've structured Ontario's electricity system. That has resulted in rates that are unfairly high. It's time to fix those mistakes, in ways that work for today, and for the future.

Electricity is not a frill -- it's an essential part of our daily lives. And everywhere I go, I hear from people worried about the price they are asked to pay for hydro and the impact it has on their household budgets. It's not just some people, and it's not just in some places. It's everyone and in every corner of the province. In the North and the South. In rural Ontario and downtown Toronto. For the past couple of months I've made a point of connecting with people who have written to me about this issue. I've called them up or gone to visit. I've sat and talked and listened.

Here's what I've heard. Families have said to me they don't understand why rates have gone up so much -- or why they've gone up so quickly. People have told me they are confused by bills that charge more for delivery than for the power that's been used. For some families, it's gotten to the point where they must choose between keeping the lights on and keeping food in the fridge. That's unacceptable.

People want to know three things: First, that relief -- substantial relief -- is on its way. Second, that relief will go to everyone. And third, that the relief will be lasting because it is built on a real change -- in other words, that bills won't jump back up in a couple of months or a couple of years. We're going to deliver on all three counts -- and that starts by bringing down what people pay on their bills.

Last September, I committed to reduce electricity bills by 8% across the board, equivalent to the provincial portion of HST. But it hasn't been enough. It's made too small a dent. For that reason, we are taking further action. We are tripling the size of the cut we're making to people's hydro bills from 8% to an average of 25%. Electricity rates in Ontario will come down significantly, they're going to stay down and everyone will benefit.

Let me emphasize that last point -- the cut will go to all households that pay for electricity. There will be no asterisks, no loopholes and no exceptions. Our plan will lower electricity bills by 25% on average for all residential consumers in the province. And for those living in rural communities or with low incomes, the break will be even greater.

In addition, this rate relief is designed to last. After we bring bills down by 25% we will hold them there with rates rising only with inflation -- or roughly 2% -- for at least four years. This is the largest cut to electricity rates in the history of Ontario. In dollars and cents, the exact benefit will vary by household. But if, for example, your monthly bill adds up to \$135, this cut will drop it down to around \$101.

Now that I've described what we're doing today, let me turn to how. I'll have to begin with a bit of context about the way our electricity system has evolved over the years. Because the way we bring rates down isn't by waving a magic wand. It's by fixing a system that has been structured unwisely, and in some ways unfairly. For decades, Ontario enjoyed one of the largest, most impressive and up-to-date electricity systems in North America, if not the world. Power generation was supported through a combination of hydro, coal and nuclear. Power lines crisscrossed the province and the lights came on because we had sophisticated, well-run distribution systems.

But over time, there were two problems. First, governments of all stripes let the maintenance and support of that system slide. No politician or premier wants to defend rising rates, and for decades the easiest way to avoid the pinch was to invest as little as possible. But that came at a price. Eventually, systems became outdated, the grid was less reliable and, just like an old house that wasn't kept up, it began to show. We all remember the blackouts in 2003 when it became obvious that our system was long overdue for some significant -- and expensive -- upgrades.

Let me just pause and say on this point that we all bear responsibility for that. Liberal, Conservative and NDP governments. For the better part of 50 years we didn't pay our way. Until about a decade ago, when it came to a head. The system needed major rebuilding. Which meant a major price tag. A lot of that money came in the form of rates -- higher bills. So for the past

few years customers have been paying not only for the power they consume but for the past neglect, for the price of major new refurbishments and for the cost of renovating a system that went without proper repairs for far too long.

So the good news is that we've created an electricity grid that is second-to-none. In the past few years we've invested more than \$50 billion in electricity infrastructure -- new dams in the south, new towers in the north, \$13 billion to refurbish nuclear power plants alone and billions more to ensure new transmission and distribution lines everywhere. These are enormously important assets that meet the demand for cleaner and reliable power everywhere in the province. These are assets that belong to all the people of Ontario and that will serve us for many decades to come.

But the way we financed those investments was a mistake. We asked one generation -- today's generation -- to unfairly shoulder the burden of nearly all of those costs. We had to play catch-up and we asked today's ratepayers to cover nearly the whole tab. Think of it in terms of a mortgage. We needed to rebuild the system and so we went to the bank for that money. But the terms that were set weren't fair -- particularly the amortization. Instead of paying off the mortgage over 30 years, we agreed to a term of 20. That means that we pay things down faster. But the monthly mortgage payments -- or, in this case, your hydro bills -- are higher. And it doesn't really make sense since that house -- or in this case the electricity system -- is an asset that will continue to benefit people far past that contract term.

In effect, this generation has been subsidizing not just those who came before, but those who will come next. That's not right -- and it has been notably unfair on today's hydro users. So we're fixing that. We're refinancing the mortgage and setting a new term that stretches over a longer period. Over time, it will cost a bit more. And it will take longer to pay off. But it is fairer -- because it doesn't ask this generation of hydro customers alone to pay the freight for everyone before and after. The burden will now be shared more evenly and more appropriately. That's the first and most important fix we're putting in place.

There is a second reason, however, that hydro bills have gone up and I also want to acknowledge that. For years, we fueled part of our electricity grid with dirty coal. It was a relatively cheap way to generate power but it was costly in terms of environmental and health effects. Smog days, exhaust, particulates, emissions and climate change. These were all dangers of using coal. The previous government, under my predecessor, changed that. We no longer burn coal to generate electricity in Ontario. And we have since gone further. We have adopted a range of programs to encourage the development of clean energy here at home with solar and wind generation. And we have championed conservation.

I believe strongly in those policies. A growing clean energy sector creates jobs for everyone. Fewer smog days improve the health of us all. I believe they will generate benefits far into the future -- both economically and environmentally. But they come at a cost. We clearly did not always get the implementation right. For example, the incentives we first put in place to encourage green energy production were too generous and we've had to bring them down.

It's not just about clean energy policies. We've also long had programs in place to give targeted help to certain communities and groups -- like the Ontario Electricity Support Program or OESP, which helps lower hydro costs for those with lower incomes. There are also people living in rural and remote parts of Ontario who have been paying much higher distribution costs, compared to people who live in urban areas. And we are going to be providing more relief on those delivery charges -- supporting some 800,000 families.

We can all agree that we have to help people who need that extra support. But ratepayers have been carrying the cost of those programs, not taxpayers. And that simply is not fair.

As I have said, electricity is a necessity. So it only makes sense that we share the cost of making sure no one has to make those difficult decisions between heating their home and feeding their family. Of course, the consequence of these big changes -- refinancing our

electricity system's mortgage and shifting programs off of the Hydro bill -- do not come free. Although the refinancing occurs within the electricity system and is accounted for separately, the overall fiscal impact of this relief and restructuring will cost the province about \$2.5 billion over the next three years.

Thanks to a provincial economy that is leading all of Canada in growth, we can make this change and stay on track for a balanced budget next year and the years to follow. But it's going to be a lot harder now and we'll remain a lot closer to the line.

Let me just say this: It's worth it. It's worth it for a true structural fix that will be long-lasting. Not just another short-term stopgap. But something sound and sustainable. And that's exactly what we've done. The people and families I've spoken with in recent months have made it clear: This must be our top priority. The burden of high hydro rates has become too great. We have to bring them down. And frankly, if we're going to bring our budget into balance, what better place to direct that newfound financial strength than giving households a break in the high price they pay for electricity?

In that respect, let me also address the elephant in the room -- didn't it take me too long to come to grips with this? Why am I only acting now? Those are fair questions. It has taken a long time. But it's not as if I've been unaware of the challenge. I have seen the rising rates. My family and I get a bill like anyone else. And we did take action -- with targeted relief, the 8% cut, the Hydro-Québec deal. These were worthwhile initiatives. But, ultimately they were too narrow in scope -- too limited when the kind of fix required was more fundamental.

Beginning last year, I started to ask tougher questions about how we got to this point. And what could be done. For decades, bad choices have been made. Those governments, including ours, who for decades pushed off the price of reinvesting in the system? That was a mistake. Putting too much of the burden on a single generation of ratepayers? That was a mistake. And asking hydro users alone to pay for policies that ought to be paid for by all taxpayers? That was a mistake too. The policy was wrong. That made the pocketbook pressures impossible. And as Premier, I have an obligation to set the policy right. To put in place a fix that will work. And a fix that will last.

Bringing down rates by 25% and fixing the system's structure -- that's the approach that I believe in. I think it's better for Ontario. And I know it's fairer on families.

TRANSCRIPT – Patrick Brown on AM 640 with John Oakley – March 2, 2017

MPP: Patrick Brown

Media: John Oakley (AM 640 Radio)

Oakley: All right, let's get Patrick Brown in here. As we've been saying all day, this story seems to be the predominant one—it's the hydro rebate given by Kathleen Wynne earlier. It was leaked to the media earlier in the week and we saw it coming, so we've already touched on it in previous conversations and I'm just curious as to Mr. Brown's take. Patrick, good to have you back on the Oakley Show, good afternoon.

Brown:

· Great to be back on the show

Oakley: So what do you make of this? I mean, it's 17 percent today, plus the 8 that was given on January 1st—25 percent, basically. She says a more equitable distribution of carrying the burden over the long haul, so extending the amortization period on these contracts out.

Brown:

- Yeah and those are, those are good lines
- Obviously they're in full damage control, but the reality is they've raised our hydro bills since they came to office 400 percent, now they're offering a 17 percent decrease
- And, and by the way, that 17 percent decrease is not addressing the structural problems—the borrowing from future generations, paying more in interest
- You know, we're hearing 25-billion plus interest—the interest could range from 14-billion to 42-billion, just to, as the Premier said, you know, she's, she's made mistakes so we're, we're, we're spending billions, we're borrowing billions to pay for these mistakes
- And what I find offensive about this is—yes, it's good the Premier's acknowledged she's made mistakes, but stop making the mistakes
- They're not addressing any of the structural issues
- The issue here is the bad contracts, the bad contract after bad contract—the 30 big renewable deals
- And you think after, after making this announcement that they're going to stay—pay—all this money to make up for their mistakes, you think they'd stop signing these deals?
- Tomorrow is the next stage for FIT-5, they're proceeding with more of these bad contracts tomorrow!

Oakley: Well, tell me here because if there's a breakdown or a pie chart—and I don't have it in front of me—they're also saying that much of this money that has been allocated and has resulted in adjustment charges is, the global adjustment charges, is the investment in infrastructure. And that goes back away because, in fact, they were handed—they believe—a dilapidated system they had to address from the Harris-Eves years, if not even before that. And, you know, refurbishing Bruce and well, you know, the nuclear plants and things. Is, is there any merit to that discussion?

Brown:

- You know what, blaming people from 2 decades ago is, is pretty weak
- But I get that's part of their line
- It used to be a provincial benefit—it wasn't a global adjustment, they introduced the global adjustment in 2006-ish
- It, it used to be you got a credit on your bill
- They, they flipped it around, we produce so much surplus generation, we give it to Pennsylvania and New York, Ohio—we hide it in the global adjustment and we charge you for all this surplus generation
- You know, over 60 percent of our, of our bill is related to generation and, and nowhere in the Liberal plan do we deal with all the, all this generation
- Nowhere in this plan do we deal with these bad contracts and, and I understand why
- You know, the 30 big deals, those 30 companies donated 1.3-million to the Ontario Liberal Party

- They don't want to take on their friends, but I've got to tell you, it stinks and it, and it stinks that in the, in the years ahead, in the months ahead, and even the days ahead, they're continuing to sign these contracts

- Tomorrow, more contracts are being proceeded with—the next stage of FIT-5 and LRP-1 is still going full-steam ahead

- We're producing more, knowing that we don't need it, we're going to continue to give it away

- It's not Donald Trump making America great right now, it's Kathleen Wynne, because she's signing all these surplus deals and giving it to our competitors

- And so, you know, she had this big show today but that's all it was, it was a show

Oakley: All right, so it's not Donald Trump making America great, it's Kathleen Wynne, all right, it's a—

Brown:

- You betcha!

Oakley: --good line. Here, you know, the, the curiosity to me is, as you say, there may be featherbedding for their friends in high places who are the beneficiaries of these contracts. But that leads to that whole scenario where politics is a hard, smash-mouth game and maybe if you understand the numbers—I'm not saying you specifically, but just in general terms—so they look after all kinds of folks strategically. And that includes the 1.3-million in the public sector: teachers and the nurses and so on and so forth. Have we reached a critical mass where you can you countervail that? We, you saw full-well your predecessor frightened them into voting emphatically in favor of a Liberal majority—how are you going to offset that?

Brown:

- You know, just being reasonable and, and pragmatic

- You know, we're taking a, a different approach

- I, I don't—some people were critical of my predecessor when we, you know, voted against the budget, announced we're going to vote against it without seeing it and voting against everything the Liberals do

- I don't vote against everything blindly

- If it makes sense for Ontario, I'll support it—if it doesn't, I'll vote against it

- I don't care if it's a Liberal idea, an NDP idea, we're going to vote based on just being reasonable and pragmatic

- And I can tell you, we actually have found a lot of common, commonalities with the nurses, with the physicians in, in healthcare, in terms of the bloated administration—all these new, 78 new VPs, the bloated LHINs

- With teachers, I, I spoke at a teachers conference about how I'm concerned about the skills mismatch and financial literacy and the need to add more to the curriculum on coding and, and the jobs of the future and I got a warm reception

- And so I think part of the challenge is, is just being open-minded, less partisan and

reasonable

*Oakley: All right, Patrick Brown is with us on the line. He's the leader of the PCs in the legislature. A recent Mainstream poll came out—I guess it was earlier today—and it says, well, the Liberals are reeling and that's good news for you. But in downtown Toronto, in the core, in the 416, they're still the prohibitive favorite. Is there any idea that you could crack through in fortress Toronto, where the Liberals are concerned or is that just a, you know, a fool's errand and you'll *inaudible*, you'll more or less focus on the inner suburbs and the, the 705 and the 905.*

Brown:

· You know, I'm, I'm, I'm very interested in having a significant Tory win in the city of Toronto and, you know, what happened last fall?

· People told me "Patrick, don't even bother in Scarborough—Rouge River, that's been a safe Liberal seat for 50 years, they win it by as much as 50 points"

· We ran a strong campaign there, talked about our issues, talked about, about hydro, we talked about how, how we can create jobs again in this province

· And we won by 10 points in a riding that no one had given us a chance

· You know, maybe in, in, in the—Toronto Centre, in the heart of Toronto—the Liberals might, may still have a slight lead

· But I can tell you, when I'm North York, when I'm in Etobicoke, when I'm in Scarborough, they're just as frustrated with what's happening at Queen's Park as they are in, in Renfrew or they are in Timmins

Oakley: By the way, you are in the lead in the polls in general. Does this give you pause for concern that you might be peaking too soon. How do you sustain it, or do you even care?

Brown:

· You know, John Diefenbaker said polls are for dogs and I, I joked the other day, you know, we don't pay attention to polls unless they're good polls

· *laughter* in all honesty we don't make a lot of these polls, whether they're good or bad

· Our focus is getting our message out and that's why I'm working 7:00 AM to midnight to get around the province and, and highlight how we can turn this ship around

Oakley: You know, we talked about earlier today how a collective amnesia might set in. There's 16 months until the election and for a lot of people as they start seeing their hydro bills—as of June, by the way—going down. Rather than thinking about the long-range consequence of still having to pay that debt and service the interest on it and so on and so forth, they'll just take the immediate gratification and say "hey, maybe this wasn't such a bad deal after all." How do you keep them reminded of the follies that have led to this in the next 16 months?

Brown:

· Well, you know, I, I, I think the voting public is smarter than the government gives them credit for

· And they, they tried this in the fall, remember, they had their, their big HST cut but they quietly got rid of the Clean Energy Rebate which is actually a larger rebate than the HST going

off the bills

- And so people's bills kept on going up, it was—it wasn't an 8 percent savings, there was no savings

- And I think when the government plays shell games, people notice and, and if their taxes go up to, to have a slight decrease in the hydro bill, people will see through that

- And so I, I have a lot of confidence that the people of Ontario see what Kathleen Wynne's up to and they're not in favor it

Oakley: But you know, it's always been their strategy to define their opposition. And they've been successful along with the campaign through the Working Families Coalition. How are you going to ensure that doesn't happen to you? Are they, is there any strategy that you have that you might want to tell us about where you would obviate any chance that they would define you before you define yourself?

Brown:

- Well they're a very sophisticated political machine and you can never underestimate them

- They will do anything, they will say anything to, to win and so we, we, we, we don't take that lightly

- I'm, I'm just going to continue to work relentlessly and, and, and, and be reasonable and I know they'll try to spread smear but I hope that when they're running a campaign that's negative, we, we can point out that generally governments that run campaigns that are solely attacking others are governments that can't defend their own policies—and that says more about them than it does anyone else

- And we're going to run a positive campaign about how we're going to turn Ontario around and make Ontario a job-creator once again

Oakley: OK, I almost thought you were going to say "Make Ontario Great Again"—

Brown:

- *laughter*

Oakley: --but that's been copyrighted. Fair enough. I appreciate your time as always, Patrick.

Brown:

- My pleasure, thank you

Oakley: Thank you. Patrick Brown, again, the leader of Conservatives in the legislature.

[END TRANSCRIPT]

Windstream NAFTA Decision

It's important to remember that we are still at an early stage of development when it comes to freshwater offshore wind.

As noted by the Tribunal itself, the decision to put a moratorium in place was:

- o ***“...driven by a genuine policy concern that there was not sufficient scientific support for establishing an appropriate setback, or exclusion zone, for offshore wind projects.”***

(para. 376, Windstream Energy LLC v. Government of Canada, Award Decision)

While the recently released reports provide real value in understanding some of the challenges, they don't answer every question.

This shows we need to continue our cautious and responsible approach, allowing for the proper research to take place first.

That's why we made the responsible choice to keep the moratorium in place.

If pressed on future studies:

This is an ongoing process.

Ohio's recent decision to move forward with a pilot offshore wind project in Lake Erie provides an excellent opportunity to better understand the impact of these developments on the Great Lakes.

This work is important and our government will be looking into it closely.

If pressed on Tribunal's decision:

The Tribunal dismissed the majority of claims made against Canada and Ontario.

The final award was also significantly less than damages being sought by Windstream.

Ontario and Canada have discussed next steps and we expect them to be finalized over the coming days.