Afternoon Energy Media Summary - June 8, 2017

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Date: Thu, 08 Jun 2017 15:06:28 -0400

Good Afternoon,

Here is a roundup of the day's news:

- Hydro One applies to Ontario Energy Board for rate increase- CBC
- Statement by Ontario NDP Energy Critic Peter Tabuns Wynne won't stop another hydro rate hike- Wawa News
- Energy Minister defends Fair Hydro Plan after Hydro One applies for rate boost- CBC
- Ontario superior court rules in favour of ONEnergy Inc. ONEnergy receives judgement for $5.8 million- Stock House
- Rise of the robot: The 'technological renaissance' automating the energy patch- Financial Post

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June 8, 2017
Today in Twitter

- @ONEnergyVoters - Raising rates before the Fair Hydro decrease kicks in. Only in Ontario? #ONpoli #hydro http://www.cbc.ca/news/canada/ottawa/hydro-one-customers-puzzled-by-companys-application-to-raise-rates-1.4147944
- @SolarPowerEng - #ForeignPolicy engine Province of Ontario is addicted to nuclear energy 4 econ dvlpmnt & no1 can take it away from them ... #nuclearban
- @360_energy - Ontario improves rules for net metering: https://t.co/rHCxluN3zN
- @OntarioAngels - Investing In Renewable Energy: Is It Worth It? https://seekingalpha.com/article/407975 5-investing-renewable-energy-worth?source=tweet … $GE $TSLA $PBW
- @PennEnergy - Fuji has announced their role in the Green Electron Power Project in Ontario, Canada, which was recently completed. https://t.co/dUITvkQTF9
- @TBYPO - Reader Letter: The Green Energy Act is a failure #onpoli http://bit.ly/2rZ2ELV

Hydro One applies to Ontario Energy Board for rate increase
By: Staff Post

For: CBC
On: June 8, 2017

Hydro One is looking to raise its electricity rates, a change that, if approved, would cost the utility's average customer two to three dollars more per month over the next five years.

Also part of Hydro One's application to the Ontario Energy Board (OEB) is an increase to how much the utility charges for other services, like disconnection, reconnection and access to its power poles.

PC party critical

The Ontario Progressive Conservative party has stated the rate increases would result in the average Hydro One customer paying about $141 more per month for their electricity in five years.

PC leader Patrick Brown has been critical of the application, writing an open letter to Ontario Premier Kathleen Wynne on June 6, calling on her to reject it.

"If you agree that Ontario families are in need of relief, as you have been suggesting since the Scarborough-Rouge River by-election in September 2016, there should be no hesitation on your part," Brown wrote. "I look forward to seeing a swift and immediate response from your government. Ontarians can't afford this rate hike."

Customers stunned Hydro One asking for rate increase
Ontario about to shed more Hydro One shares, could net more than $3B
Any increases, however, do not take into account reductions in rates that will come into effect this summer under the Liberals' Fair Hydro Plan.

In a June 7 letter sent to PC leader Patrick Brown, (media outlets, including CBC, were provided with copies), Ontario Energy Minister Glenn Thibeault said the Fair Hydro Plan will result in lower rates for Hydro One customers, regardless of what the OEB decides regarding this latest application.

"Despite claiming to support lowering electricity bills for all Ontario families, you and your party all voted against the Fair Hydro Plan," Thibeault wrote. "It has been nearly 100 days since you promised to release an energy plan — but Ontarians are still waiting."

Public hearing to take place

None of the increases has been approved by the OEB yet. A public hearing on the matter will take place, but a date or location has not been announced.

Intervenors have until June 14 to make a request to appear at the hearing.

Comments can be also be submitted via letter. For more information on the process or the application, select file EB-2017-0049 at oeb.ca/notice.

[Statement by Ontario NDP Energy Critic Peter Tabuns Wynne won't stop another hydro rate hike]
By: Staff Post
For: Wawa News
On: June 8, 2017

"Months after the NDP called on the Liberal government in the legislature to stop the 20% rate hike on hydro delivery charges, Kathleen Wynne has done nothing. She just doesn't get it. Ontarians can't afford to pay their hydro bills as it is. Each new rate increase is pushing many in the province past their breaking point.
Instead of listening to people and stopping the sell-off of Hydro One, Premier Wynne went ahead and put her party's political interests ahead of the public interest. Not only has she handed majority control over Hydro One to private shareholders, but she is doing nothing to stop the utility from jacking up hydro rates for Ontarians even as their CEO gets a 500% pay raise.

This disgusting situation sums up Wynne's attitude toward Ontario families. Only New Democrats have put forward a plan that will fix our broken electricity system, bring down bills by up to 30% for Ontarians, and put Hydro One back into public hands where it belongs."

Energy Minister defends Fair Hydro Plan after Hydro One applies for rate boost
By: Staff Post
For: CBC
On: June 8, 2017

Ontario Energy Minister Glenn Thibeault says Hydro One customers shouldn't be concerned about a rate increase any time soon.

Earlier this week, Hydro One applied to the Ontario Energy Board for an increase in its distribution rates. This could cause customers to pay an increase of $2 per month over the next five years.

Hydro One applies to Ontario Energy Board for rate increase
But Thibeault says the application does not necessarily mean rates will rise.

"It's an application, it's not a rate increase," says Thibeault.

"It's only a decrease — we passed the Fair Hydro Plan. Especially for Hydro One customers, they're going to see a 40 to 50 per cent reduction."

Thibeault says the application still has to be reviewed by the Ontario Energy Board.

"If you look at the OEB's decisions in the past, they've been very clear that they're always going to keep the interest of rate payers first and foremost, and they've denied applications."

A public hearing on the matter will take place, but a date or location has not been announced. Intervenors have until June 14 to make a request to appear at the hearing.

Ontario superior court rules in favour of ONEnergy Inc. ONEnergy receives judgement for $5.8 million
By: Staff Post
For: Stock House
On: June 8, 2017

TORONTO, ON / TheNewswire / June 8, 2017 – ONEnergy Inc. ("ONEnergy" or the "Company") (TSXV:OEG) is pleased to announce that it has succeeded in the trial of the litigation commenced by the Company against certain former officers, directors, consultants and legal advisors of ONEnergy, formerly Look Communications Inc. ("Look").

On June 1, 2017, Justice Conway of the Ontario Superior Court of Justice granted judgment in favour of the Company as against the remaining defendants to the lawsuit, former CEO Gerald McGoey and his investment company Jolian Investments Inc. ("Jolian"), in the amount of $5,765,696, plus legal costs and interest, for breach of fiduciary duty in respect of the decision of the former board of directors of Look to award certain equity cancellation payments and performance bonuses to Look's senior management and directors. The judgment also grants both a constructive trust and a tracing order over the damages owing.

In her reasons for judgment, Justice Conway noted that the equity cancellation payments, which were made based on a share price of $0.40, and the compensation award paid to Mr. McGoey, were "not in the best interests of the company, preferred the interests of directors and officers over those of the corporation, and were not within a range of reasonable alternatives". The defendants have 30 days to appeal the Court's judgment.

As noted in the Company's April 1, 2016 press release, ONEnergy settled its claims against all other defendants in exchange for payments totalling $7.175 million.

The trial judgment represents the conclusion of a lengthy chapter for the Company. "We are very pleased that the Court arrived at the right result for both ONEnergy and its shareholders", said Stephen J. J. Letwin, Chairman of ONEnergy . "The Court's reasons validate ONEnergy's process in taking this matter to trial. With these issues decided, ONEnergy looks forward to continuing its focus on serving its customers, building its business and creating value for shareholders".

Read more at http://www.stockhouse.com/news/press-releases/2017/06/08/ontario-superior-court-rules-in-favour-of-onenergy-inc-onenergy-receives#LX6zI5Ld1HqzCDad.99

[Rise of the robot: The 'technological renaissance' automating the energy patch]
By: Staff Post
For: Financial Post
On: June 8, 2017

CALGARY — Before oil prices fell from more than US$100 per barrel three years ago, jobs driving heavy-haul mining trucks in the oilsands were sought after for their six-figure salaries.

Coming to a job near you: How the rise of the robot is changing the way we live and work

A four-part look at how robots are changing the way we work. First up, robots aren't killing jobs, they're creating new ones and more of them — at least at a GE Aviation plant in Quebec.
Read more
But ever since crude's collapse sent oilsands producers on years-long cost-cutting drives, the long-term prospects for heavy-haul operators have deteriorated. For instance, Suncor Energy Inc. is hiring such drivers for its new Fort Hills oilsands mine, but the job postings show the positions are just 12-month contracts.

One possible reason for the position's now transitory nature is that Suncor has been piloting the use of driverless trucks in the oilsands on a fleet of six heavy haulers for two years and will decide whether to implement the autonomous system company-wide at the end of this year.

Suncor’s driverless trucks are just one way Canada’s energy industry is turning to automation and robotics to further reduce costs as West Texas Intermediate oil prices stubbornly hover around US$50 per barrel.

University of Waterloo mechatronics engineering professor William Melek said automation “is increasing, but increasing very slowly” in the energy sector. But, just as the push to lower costs through robotic and automated processes is changing Ontario’s manufacturing industry, it’s spreading to other sectors of the economy such as energy and mining.

CIBC World Markets analyst Arthur Grayfer in a recent research note said Suncor could expand the program to 150 trucks, which are already equipped with self-driving software, and the switch is “implementable immediately.”

Suncor spokesperson Sneh Seetal said the company has yet to make a final decision on expanding the program, but confirmed the company last September hired a director of autonomous haul systems as well as a supporting team of engineers.

Peter Tertzakian, ARC Energy Research Institute’s executive director, said the price point for adopting new automated systems is falling and oil and gas companies, usually late adopters of new technology, are now moving more quickly.

“The realization is setting in that an oil price recovery may not be forthcoming,” he said.

Drillers, refiners and pipeline companies are all adopting automation and robotics to survive lower commodity prices and labour market forecasters believe the change will affect employment levels, though it’s not yet clear how many positions could be reduced.

At Cenovus Energy Inc.’s annual meeting in April, chief executive Brian Ferguson said the oilsands is at the beginning of a “technological renaissance,” adding, “We’ve only just started to scratch the surface in terms of big data, digitization and automation.”

Similarly, Precision Drilling Corp. chief executive Kevin Neveu said one of his company’s stated objectives for 2017 is to commercialize new automated and robotics systems, many of which are in beta testing in the field today.

The company is working with Pason Systems Corp., Schlumberger Ltd., National Oilwell Varco and software firm SAP AG to develop its technology, and Neveu said collaboration will be necessary for some companies to develop automated systems.

“This is not an automobile, where we have 200,000 of the same thing,” he said, noting that Precision’s rig fleet numbers in the hundreds, not thousands. “The fleet to spread that cost over is much smaller.”

In the middle of May, Precision held an investor day to show off its automated systems, guidance systems and data gathering systems, and explain how new technology could make drilling more efficient.

The company’s rigs already use hydraulic legs to walk from well to well and other parts of the system are automated or have robotic elements as well. Neveu said further automation and better data collection would help lower drilling costs between eight and 12 per cent and reduce human error.

Still, Neveu doesn’t expect the transition will eliminate jobs at Precision.

“We don’t need fewer people, we need higher-skilled people,” he said, adding that in the near future, field staff will have to understand software programs that automate the company’s rigs.

Though jobs may not be lost at Precision, the widespread adoption of automation and robotics will likely affect employment across the industry.

Handout Suncor
Handout SuncorAutomated heavy hauler trucks will be the norm for production as company's look to continue cutting costs.
In March, the Petroleum Labour Market Institute forecast that if oil prices stabilized or rose over the next five years, companies would only re-hire a third of the 52,500 jobs lost during the recent recession.

Carol Howes, the institute’s vice-president of communications, said the study didn’t directly focus on automation, but the research done in preparing it suggests “some of the people who are retiring may not be replaced with new workers, but may be replaced by automation.”

Similarly, Suncor’s Seetal said that if her company transitions its heavy haul fleet to a driverless system, the switch would be phased in over three to five years and she expects any job reductions would be managed through attrition.

CIBC’s Grayfer said Suncor’s estimates show it could shave 10 per cent off its operating costs with driverless trucks, but mining giant Rio Tinto PLC’s experience with the trucks shows Suncor could push those savings to 13 per cent.

In other industries, automation and robotics have led to reductions of between 20 and 40 per cent in the workforce for manual labour, said Lance Mortlock, Ernst and Young’s Canadian strategy services leader.

Mortlock said it’s not clear what the effect will be in oil and gas, but it is clear that a combination of field and office jobs could be automated. In the past, he said, automation put blue-collar field workers out of work and now automated software processes, or bots, have begun to do the same thing to white-collar office positions.

He said bots that “emulate human behaviour of repetitive processes” can operate for a third of the cost of offshore workers and have the potential to replace workers doing tasks such as accounts payable, collecting and formatting tax documents, uploading job descriptions and other HR paperwork.

“We’re seeing a lot of activity in this space in other industries and we expect oil and gas to follow suit,” Mortlock said.

Tertzakian said he expects “the composition of the labour force will change. Employment trends may shift from one kind of engineering to more software engineering.”

At this point, Tertzakian said he thinks only a small number of companies in the Canadian energy sector are making the shift, but those early adopters are gaining an edge.

He points out the growing number of tech startups in Calgary have the potential to both speed up the adoption of new technologies and change the way energy companies operate.

For example, Calgary-based Osprey Informatics has built an automated system for monitoring remote sites such as oil wells, eliminating the need for field workers to spend all day driving around for routine inspections at a cost of $75 per hour.

Osprey chief executive Robert Logan said the company can do the same thing for 15 cents per hour and has signed up 35 oil and gas companies as clients.

“Now we’re at a point, in a $40-to-$60 WTI window, where creating structural cost savings are critical,” he said.

Osprey is based out of a General Electric “innovation centre” and tech accelerator in the middle of downtown Calgary, where “automation is across everything that we do here,” said GE Canada chief innovation officer Gandeephan Ganeshalingam.

The accelerator is also home to companies such as Steam IQ, which has developed algorithms and automated systems to optimize the amount of steam and pressure that oilsands companies such as Cenovus could use in their deeper-lying bitumen properties.

The centre has also developed automated systems, including one by Hifi Engineering Inc., for immediately identifying pinhole pipeline leaks or even strains using fibre optic cables.

University of Waterloo’s Melek said many of his engineering graduates, specialized in automation and robotics, are still going to work in the manufacturing industry, but some are making their way to energy and mining.

“Repetitive, tedious tasks can be given to robots,” he said, “but skilled labour will still be needed.”