Afternoon Energy Media Summary - May 25, 2017

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Date: Thu, 25 May 2017 15:13:53 -0400

Good Afternoon,

Here is a roundup of the day's news:

- Wynne defends 25% hydro rate cut: 'All of those costs were on the shoulders of people today' – Toronto Star
- Ottawa River dam regulators insist they didn't release too much water – Ottawa Citizen
- Platt: One year out, can the Liberals claw their way back into election contention? – Ottawa Citizen
- 5 Real Steps Wynne Can Implement To Solve Ontario's Hydro Crisis – Huffington Post
- Ontario government shifts today's electricity bills (plus interest) onto future consumers – Fraser Institute
- Which Sault Ste. Marie by-election candidates are standing up for electricity consumers? – Sault Online

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May 25, 2017

Today in Twitter

- **Toronto Sun @TheTorontoSun** : SUN FRONT: @Kathleen_Wynne 's hydro plan turns responsible budgeting on its head. Via @sunlorrie . http://ow.ly/qBnF30c25Sm #onpoli

- **TBYP Ontario @TBYPO** : Hydro rate-cut will cost Ontario billions: PC Energy Critic @ToddSmithPC responds http://bit.ly/2rULDjF

- **H-L&A PC Association** @HLAOPC : Ontario government shifts today's electricity bills (plus interest) onto future consumers https://shar.es/1Rt5GM via @FraserInstitute

- **CP24** @CP24 : Toronto Hydro says 1,100 customers are without power in area bounded by Eglinton, St. Clair, Yonge and Bayview. ETR unknown at this time.

- **NEWSTALK1010** @NEWSTALK1010 : Fire, police and hydro on scene at Yonge and Eglinton where a hydro vault is steaming. Substantial flooding on Eglinton.

- **Ontario's Energy** @ONenergy #TBT 12 years ago @ON_EcoSchools certified 108 Ontario schools. Today, it's nearly 1,800. http://bit.ly/1DBRITk #EcoSchools2017

- **EVConferenceVE** @EVVEconf : Huge thanks to our main sponsor @Bruce_Power providing 30% of Ontario's electricity. #EVVEconf is starting on Monday with our Ride N' Drive

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Wynne defends 25% hydro rate cut: 'All of those costs were on the shoulders of people today'

Robert Benzie

Toronto Star

May 25, 2017

Premier Kathleen Wynne is making no apologies for the Liberals' 25 per cent hydro rate cuts that a legislative watchdog warns will cost at least $21 billion over three decades.

In the wake of Financial Accountability Officer Stephen LeClair's report on the "Fair Hydro Plan," Wynne emphasized that Ontario electricity consumers demanded and deserved relief.

"You all read the newspaper, you listen to the radio and you watch television — you know the problems that families are having around the province paying for their electricity costs," the premier told reporters Thursday in Timmins.

That's why the government moved forward with a rate cut that will see the average household's monthly hydro bill drop from $156 to $123 once it fully takes effect next month.

In a 15-page report released Wednesday, the financial accountability officer estimated the initiative would cost the province $45 billion over the next 29 years while saving ratepayers $24 billion for a next expense of $21 billion.

Both the Progressive Conservatives and the New Democrats oppose the Liberal rate cut.

But Wynne said the government has in effect renegotiated a mortgage so it will bankroll hydro infrastructure improvements over a longer time period in order to give customers a break now.

“We’re talking about a 30-year window here. It took at least 30 years, probably 40 years, to let the electricity system degrade to the stage that it had in 2003,” she said, noting “we were having blackouts and brownouts around the province” before her party took office that year.

“There were thousands of kilometres of line that needed to be rebuilt . . . that work hadn’t been done over those generations, so electricity costs were low over that period of time but the work wasn’t being done.”

When her predecessor Dalton McGuinty came to power in 2003, Wynne said Queen’s Park began spending billions on infrastructure improvements, including expensive subsidies for green energy, such as wind turbines and solar panels.

“There’s a lot of work that has been done since then. Literally thousands of kilometres of line have been rebuilt. The coal-fired plants have been shut down. The air is cleaner. There’s less pollution in the air. The system is reliable and renewable,” she said.

“So there’s a cost associated with that and what was happening was that was work that had to be done — and all of those costs were on the shoulders of people today.”

Wynne noted “this electricity grid is an asset that is going to be used for generations to come.”

“My grandchildren are going to benefit from this asset, so I think it’s fair that we spread the cost of that over that 30-year period,” she said.

“That’s how we made this decision.”

[Ottawa River dam regulators insist they didn't release too much water]

Tom Spears

Ottawa Citizen

May 25, 2017

The organization that oversees Ottawa River dams says it did not add to the flooding problem in Ottawa and Gatineau by letting too much water through its dams farther upstream.

Facebook reports have been circulating with pictures of low water on the river near Mattawa, about 300 kilometres upstream, and claiming this contributed to flooding in Ottawa and Gatineau.

But the Ottawa River Regulation Planning Board, which oversees the dams, says there was nowhere left to hold the torrential rain on May 1.

The board represents different levels of government and utilities on both sides of the river.

The problem is that dams upstream from Ottawa aren’t designed to hold back water to form a significant reservoir, said Michael Sarich, the board’s senior regulation engineer.

Yes, he said Thursday, it’s true that water near Mattawa was low. But that doesn’t mean that the closest dam — at Rapides des Joachims (known as Swisha on the Ontario side) could have held back more water. The dam is owned by Ontario Power Generation, but the Ottawa River board tells OPG how much water to let through.

If the Des Joachims dam allows water to build too high instead of releasing it downstream, that would flood Mattawa, he said.

“This is a question that we get every year. It’s not something special this year,” he said.

Legislation requires that the dams not make any flooding worse than what would happen under natural conditions, he said. That means that from Temiscaming through to Montreal, “as flows increase, dam operators continue to open their gates and essentially pass all flow that is coming.”

Des Joachims is “tricky” because when water rises at the dam, it can block more water from coming downstream behind it. Engineers call it a “constriction point” on the river.

The water is let down every year in late winter to prevent a backup during the spring flood, he said.

“That water, if you were to maintain your normal summer level under high-flow conditions, would allow water to back up (upstream).

“It’s very simple in that water runs downhill. So if the bottom of the hill (water at the dam) is higher, it makes the top of the hill (the river near Mattawa) higher too. It would prevent water from coming down and it would flood Mattawa.”

When heavy rain came across the region in early May, operators had to let water through the big dam to avoid a backup that would flood Mattawa, he said. That led to the social media complaints from people saying they should have held back the water to protect Gatineau and others downstream.

The dam is owned by Ontario Power Generation (not Hydro One, as reported in many social media posts) and regulated by the Ottawa River Regulation Planning Board. OPG is a member of the board.

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[Platt: One year out, can the Liberals claw their way back into election contention?]

Brian Platt

Ottawa Citizen

May 25, 2017

If you're a sports fan, you'll know the concept of peaking too early. A hockey team, for example, might hit its dominant stride in January or February, but then things fall apart in April when the playoffs approach. Whatever the causes, it's just bad timing.

Is this happening in Ontario politics right now? Over the past year, the governing Liberals were decimated in the polls, particularly over the hydro issue, and would have been in huge trouble in an election. But with the general election not scheduled until June 2018, I'd be wondering if I was a Progressive Conservative or New Democrat: Did we peak too soon?

By the usual economic indicators, the Liberals should not be wallowing in or around third place in the polls as they have been. Though it's not quite booming, Ontario's economic growth is at the front of the pack among Canadian provinces. In April, the unemployment rate dropped to 5.8 per cent – the lowest it's been since 2001. Yet it seemed that electricity rates, Premier Kathleen Wynne's personal unpopularity and general voter fatigue with the party might be too much to overcome.

That could be changing. Recent polls have shown the Liberals climbing, including one last week by Campaign Research (a conservative-connected firm) that even showed the Liberals slightly ahead of the PCs.

It helps that the budget is balanced. It's not so much that voters care deeply about deficits; it's that it allows the government to afford lofty new projects again. This past budget gave us a limited form of pharmacare, and in the following weeks Wynne promised new jails for Ottawa and Thunder Bay and a $21-billion high-speed rail line for southwest Ontario. Get ready for a lot more of this by next spring.

Trouble still looms, of course. The Financial Accountability Officer put out a report this week showing the ugly future of the hydro relief plan, with rate-payers shelling out as much as $21 billion extra over the long term to afford the short-term reductions (enough money, as it happens, to have funded that high-speed rail line.) Hydro relief was never going to be free, and everyone was demanding it, but this is pretty damn painful.

Even worse, two separate trials (one involving computer-wiping allegations, another related to the Sudbury byelection scandal) of former high-ranking Liberal operatives are set to start in the fall, and all kinds of nasty revelations could emerge.

But the Liberals are starting to claw their way back into contention – and they're getting help. The PCs continue to lurch from controversy to controversy over their nominations, with candidates all over the province furiously alleging manipulation from party brass to get their preferred choice. Patrick Brown's been at war with factions of his party's base for the entire time he's been leader, and there remains little reason to be confident he can put together a platform that appeals to both the PC membership and the general population.

Meanwhile, the highest-profile New Democrat MPP has just ditched his provincial colleagues to run for the federal party's leadership. Jagmeet Singh hasn't resigned his Queen's Park seat, so he could be back by the election if he loses. But while the NDP have done a good job developing policy, including a pharmacare proposal and their own hydro relief plan, they've been chronically unable to take advantage of Wynne's unpopularity. And the government's next big policy rollout is a package of left-leaning labour reforms that will once again steal much of the NDP's thunder.

It's too soon to call it momentum, and a lot could still go wrong. But for the first time in a while, the Liberals seem to have a glint of hope. If you're their opponent, you didn't think this was going to be easy, did you?

Brian Platt is the deputy digital editor for the Ottawa Citizen. Previously, he was based at Queen's Park as a policy reporter.

5 Real Steps Wynne Can Implement To Solve Ontario's Hydro Crisis

John Laforet

Huffington Post (Blog)

March 25, 2017

Electricity is not a new electoral issue for Ontario Liberals. In 2011, thousands of Ontarians worked together to decimate the Ontario Liberal rural caucus (including three cabinet ministers), reducing them to a minority government over the Green Energy Act.

Those local communities were fighting for-profit developers, mostly heavy donors to the Liberal Party. Urban voters lied to, being told that wind would replace coal and electricity bills would rise just one per cent per year for fifteen years, as a result. Neither of these claims was true. The 50,000 jobs promised never happened either.

Ontario's Auditor General reported Ontarians had overpaid for electricity by $37 billion dollars between 2006 and 2014, and would be on the hook for $137 billion more. The government negotiated multi-billion dollar contracts with companies lining their party's election war chests, while trampling local democracy, ignoring science and refusing to accept the legitimate concerns of host communities. Kathleen Wynne eventually banned that kind of cozy relationships she and her predecessor Dalton McGuinty previously enjoyed.

Here are some ideas Wynne can implement today that would address the chronic oversupply of expensive and unreliable electricity in the grid, lower prices for consumers, and keep prices competitive:

Create a per megawatt levy on private electricity producers

The government has the right to tax and manage energy within their jurisdiction, and could create levies designed to pay the cost of transporting electricity to market to shift some of the burden to for-profit power producers. A separate levy could be applied against the global market adjustment, meaningfully reducing electricity bills for all power users. Neither of these moves would require renegotiating a single contract and would address the Auditor General's over payment findings.

Remove the cap on market value assessments so for-profit power producers pay their fair share of tax

The Green Energy Act caps the market value assessment on wind turbines to just $40,000 per megawatt, despite having a construction value closer to $2.5 million per megawatt. Municipalities hosting wind turbines are not getting their fair share of taxes.

Ontario could remove this regulation at the next Cabinet Meeting without a contract renegotiation or even a vote in the legislature, increasing municipality and school board budgets to offset increased electricity costs.

Allow electricity fuel type to be determined by science, not political dogma

Wind generated electricity has been around since the 1880s and has never been able to compete with hydroelectricity or any fossil fuel because you cannot control the supply of power. Without the ability to store massive amounts of wind energy that gets created when it isn't needed, we essentially 'waste' any surplus by selling it below market rates to neighbouring jurisdictions. Ontario has built fossil fuel plants to back it up.

Ten years ago, Ontario should have focussed on building the most affordable power, using reliable, safe, and dispatchable forms of electricity production, and would benefit from doing so now.

Restore public ownership of electricity production and transmission

Instead of borrowing money to invest in public infrastructure, Ontario Liberals let their donors build costly power plants, forcing Ontario electricity users to bear the burden of long term power purchase agreements through their hydro bills.

Electricity would be less expensive if profit margins and rates of return on debt weren't built into our electricity pricing. It is far more practical when power generation resources are publicly owned and controlled. Ontario could then mothball provincially-owned surplus systems without any other considerations.

Protect people and the environment from for-profit electricity producers

There is evidence that wind turbines cause a degradation in the overall health of a segment of the population living near them. The wind industry, Health Canada, and courts around the world accept this. Wind turbines built inappropriately close to the Great Lakes are having adverse effects on bird and bats, including endangered species. Ontario's wind turbines killed nearly 50,000 bats and birds in 2015.

A 2013 study by the U.S. Fish and Wildlife Service suggests wind turbines should not be placed within five kilometres of the shore line of the Great Lakes, while the Nature Conservancy of Canada believes the distance should be eight kilometres, and American Bird Conservancy supports a 16 kilometre buffer. Ontario should review the current placement of wind turbines and shut down those that cannot safely operate.

The steady litany of human and animal health and environmental concerns from the imposition of wind projects in rural areas shows these projects are fundamentally flawed and need to be reviewed. If developers have created conditions that adversely impact humans or the environment, Wynne can act. The Supreme Court has ruled a government cannot fritter away their power through commercial contracts.Developers with unsafe projects do not have an automatic legal right to compensation and as long as the

Liberals don't do a repeat of the gas plant scandal and hand their donors billions of dollars they didn't need to legally, this move would be a major money saver for Ontarians.

Wynne Can Act -- Doesn't Need to Negotiate With Anyone

Each of these five ideas are easily implemented without contracts being renegotiated or having to be cancelled. All of them would make life better in Ontario and could be enough to convince the voting public that Kathleen Wynne's political deathbed conversion on energy might just be real.

One thing is for sure, the cynical 25 per cent off hydro bills isn't going to save the Ontario Liberals from an electoral disaster, but the ideas above just might.

[Ontario government shifts today's electricity bills (plus interest) onto future consumers]

Kenneth P. Green, Ashley Stedman, Taylor Jackson

Fraser Institute

May 25, 2017

Ontarians have seen their electricity bills skyrocket in recent years. From 2010 to 2016, the average monthly electricity bill for Toronto residents increased by more than 50 per cent, granting Torontonians the distinction of having some of the highest electricity bills in Canada.

And yet, instead of addressing the underlying policy failures contributing to the growth in prices, the Ontario government is creating a new “financing entity” overseen by Ontario Power Generation to part of today’s electricity bills. The kicker is that the province will then force future consumers to pay the debt back—plus interest.

Specifically, the government plans to take on more debt to reduce electricity bills for the next 10 years, before applying a new charge to future bills called the “Clean Energy Adjustment” in the mid-to-late 2020s. This new charge will pay back the estimated $28 billion (including interest) in debt.

This policy, among others, was proposed recently when Queens Park announced their Fair Hydro Act to “relieve the current burden on ratepayers.” However, rather than truly relieving burdens by reforming the policies that created the problem in the first place, the Ontario government is instead just kicking the can down the road while shifting some costs from one place to another.

For example, the so-called Fair Hydro Act will shift the costs of the Ontario Electricity Support Program (OESP) and Rural or Remote Rate Protection program (RRRP) “from ratepayers to provincial revenues.” The Act includes new and existing program spending, which will cost the provincial treasury $2.5 billion over the next three years. It’s a fair assumption that most “ratepayers” are also taxpayers, raising an obvious question—will this shift result in any real savings for Ontarians?

The main takeaway from the Fair Hydro Act is that someone always pays the bills, whether it be future ratepayers or taxpayers. There’s no such thing as free electricity. Ontario should stop implementing Band-Aid solutions and instead address the underlying policy failures—largely stemming from the Green Energy Act—that have produced some of the highest electricity prices in Canada.

[Which Sault Ste. Marie by-election candidates are standing up for electricity consumers?]

Sault Online

May 25, 2017

Ontario Clean Air Alliance asked the four main candidates in the Sault Ste. Marie by-election a series of questions regarding energy in Ontario

They surveyed the candidates running in the provincial by-election in Sault Ste. Marie on where they stand on Ontario Power Generation’s request for a 180% price increase to pay for the continued operation of its high-cost Pickering Nuclear Station and re-building the Darlington Nuclear Station.

Kara Flannigan, the Green Party candidate, made it clear that she fully opposes OPG’s plan.

Joe Krmpotich, the NDP candidate, noted that despite Ontario’s over-supply of electricity, “in January 2016, the Ministers of Energy and Finance suddenly announced that they were scrapping long-standing plans to close Pickering by 2020 or sooner, and would instead keep the aging station open at least four years longer, costing ratepayers hundreds of millions of dollars to generate electricity we don’t currently need … .The NDP’s plan calls for “an independent, fact-based evaluation of when to take Pickering offline.”

According to the Liberal candidate, Debbie Amaroso, “if continuing operation of the Pickering Nuclear Station and refurbishment of Darlington can ensure cost-effective electricity to fuel our province, than I am supportive of this plan.”

According to Ross Romano, the PC candidate, “Ontario’s ratepayers will benefit from the continued operation of the Pickering Nuclear Station and the refurbishment of the Darlington Generating Station.”

To read the Sault Ste. Marie provincial by-election candidates’ full responses to the questionnaire please click here.

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