Afternoon Energy Media Summary - May 3, 2017

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Date: Wed, 03 May 2017 15:03:05 -0400

Good Afternoon,

Here is a roundup of the day's news:

- Ontario lowers projections for cap-and-trade revenues- Canadian Press
- Canadian Solar Appoints Ty Daul as Vice President, Americas, Energy Group- PR Newswire
- Canada: Ontario's Fair Hydro Plan: How Will It Impact Canada's First Nations Communities?- Mondaq
- Two-Thirds Of Canada's Electricity Comes From Renewables- Huffington Post
- Renewable energy soaring in Canada: Report- Canadian Press
- Column: 'Quick fix' budget leaves North behind- Sudbury Star
- Hydro One Flips the Switch on better service and is answering calls on Saturdays- PR Newswire
- Nicholls angry over Ontario's budget- Chatham Voice

Please see below Today in Twitter for news articles.

May 3, 2017
Today in Twitter

- @CdnEnergyEffic - Have an idea to cut industry GHG emissions? Ontario's Solutions 2030 Challenge has up to $3m for winning innovators http://ow.ly/JHDO30b18O5
- @URISAOntario - Great programs going on now at #BeSpatial from @City_of_Vaughan , @TownofNewmarket , and the Ontario Ministry of Energy!
- @OntarioPCParty - . @ToddSmithPC : Minister, you have a chance to replace the departed CFO at Hydro One with a more reasonably paid executive. Will you? #onpoli

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Ontario lowers projections for cap-and-trade revenues
By: Allison Jones
For: Canadian Manufacturing
On: May 3, 2017

TORONTO—Ontario is lowering its projections for how much money its cap-and-trade program will bring in this year and next to allow for market fluctuations.

The Liberal government estimated in last year's budget that the program would bring in $1.9 billion per year, but this year's budget projected $1.8 billion for this fiscal year, and $1.4 billion annually starting in 2018-19.

The system aimed at lowering greenhouse gas emissions puts caps on the amount of pollution companies in certain industries can emit and if they exceed those limits, they must buy allowances at auction or from other companies that come in under their limits.

Environment Minister Glen Murray said the $1.9 billion represented the revenue from the program if every auction was sold out, but the government is now budgeting for an 80-per-cent average of allowances sold at the auctions.

“It's a bit of a fool's game, but you have to put a number in the budget,” Murray said Monday.

“In four or five years we'll have a better idea of what the norms are and what factors drive it…Right now they are, I think, relatively prudent projections, but I wouldn't bank anything on it.”

The government has also learned that sales of allowances meant for future years must be counted in those years, Murray said. In Ontario's first cap-and-trade auction in March, three per cent of the 26 million allowances sold were for the year 2020, so those proceeds can't be counted in 2017-18.

The province's budget watchdog previously raised questions about the $1.9 billion figure, saying it's too difficult to forecast those revenues with any precision. The Financial Accountability Office warned that cap-and-trade money could be used to boost the province's overall budget, if it went to previously planned programs. If there is new revenue but no new expenses, it would reduce a deficit or increase a surplus, the office said.

Ontario's four-year climate change action plan is funded by cap-and-trade revenues and has planned for a range of between $5.9 billion and $8.3 billion. The money is set to go to green initiatives such as social housing retrofits, an electric vehicle incentive program and public transit.

Lower revenue wouldn't mean any of those programs would be cancelled, it would just mean a bit less money for each, Murray said.

For example, the plan budgets for between $150 million and $225 million on cycling networks, between $380 million and $500 million to retrofit social housing, and between $400 million and $800 million to improve energy efficiency in schools and hospitals.

Both opposition parties say there isn't enough transparency around how the money will be spent.

“If they're not bringing in the revenue, they're not going to be able to on the other side utilize it for the programs, but what we're worried about is we don't even see a path for them to disclose and be firm about where that money's going,” NDP Leader Andrea Horwath said.

Murray insisted the cap-and-trade program has “the most transparent money in government.”

The province's first quarterly auction in March sold out and brought in $472 million. Murray has warned, however, that the market can expect some volatility, meaning not every auction will be fully subscribed.

Ontario plans to link its cap-and-trade system with a joint Quebec-California market next year. The most recent Quebec-California joint cap-and-trade auction saw just 18 per cent of allowances sold, with previous results of 88 per cent, 35 per cent and 11 per cent. Since 2014, the linked market has sold 74 per cent of its credits at auction.

Most large emitters in Ontario are receiving allowances for free until 2020, which the government says is meant to prevent them from moving to jurisdictions without carbon pricing.

The government is looking at a regulatory change that would lead to a “small” increase in the number of free allowances that get distributed.

Since Jan. 1, cap and trade has added 4.3 cents per litre to the price of gasoline and about $80 a year to natural gas home heating costs, in addition to indirect costs that will be passed onto consumers.

The next auction is on June 6.

Canadian Solar Appoints Ty Daul as Vice President, Americas, Energy Group
By: Staff Post
For: PR Newswire
On: May 3, 2017

GUELPH, Ontario, May 3, 2017 /PRNewswire/ -- Canadian Solar Inc. (the "Company", or "Canadian Solar") (NASDAQ: CSIQ), one of the world's largest solar power companies, today announced energy industry veteran Ty Daul has joined the Company as Energy Group Vice President, Americas. Mr. Daul will lead the Company's energy business units throughout Canada, Latin American and the U.S., which includes wholly owned subsidiary Recurrent Energy.

Throughout his 27 year career in the power generation industry, Mr. Daul has been integrally involved in more than 4 GW of operating renewable projects and 870 MW of operating gas-fired projects, representing more than $7 billion of total investment.

Dr. Shawn Qu, Chairman and Chief Executive Officer of Canadian Solar remarked: "We are pleased to announce that Ty will be leading our Americas team across all aspects of the Energy Group's business. He brings with him valuable expertise across the energy sector and is an excellent addition to our team."

Canada: Ontario's Fair Hydro Plan: How Will It Impact Canada's First Nations Communities?
By: Jessica George
For: Mondaq
On: May 3, 2017
Since 2006, the price of off-peak electricity in the Canadian province of Ontario has increased from 3.5 to 8.7 cents per kWh - nearly 150%. Electricity delivery charges, which are separated on Ontario energy bills and vary across the province, have also risen substantially. Low-density population areas and First Nations Reserve communities have seen the most significant surges in pricing and, not surprisingly, non-payment rates in these communities has been on the rise. As a result, there is a growing interest among Ontario's many First Nations communities to find locally-owned, locally-operated energy solutions to protect against rising rates and afford some degree of energy independence.
On a rising tide of wide-spread public dissatisfaction over electricity costs, Premier Kathleen Wynne announced Ontario's new Fair Hydro Plan on March 2, 2017. It is expected that this Plan could be implemented as soon as May of this year and reflected on June hydro bills.
Fair Hydro in a Nutshell
The Fair Hydro Plan makes significant cuts, proposing an overall decrease in hydro rates by 25% from last year's rates, on average, plus new or expanded ways for the most vulnerable customers to take advantage of further credits and rebate.
It calls for the following changes:

- An 8% rate reduction, applied as an on-bill credit, coming from the provincial portion of HST. (This credit has been appearing on bills since January 1, 2017.)
- A 17% reduction coming from a re-financing of the Global Adjustment (i.e. the long-term contractual obligations of the IESO with respect to renewable electricity generation procurements, conservation initiatives and other programs and costs).

- A "rate-freeze," limiting any rate increases to that of inflation (approximately 2%) for the next four years.
- Additional reductions provided via access to credits, including:
    - o an expansion to the Ontario Electricity Support Program (OESP) providing greater access to the program which can provide program participants with up to $360-425 per month in credits and additional support for those with unique hydro needs, such as electric heating or an in-home medical device which requires a lot of energy, and for First Nation, Inuit and Métis customers who may be eligible for an additional $45-75 per month in credits;
    - o the continuation of the Ontario energy and property tax credit (up to $227 per year for on-reserve residents) and the Northern Ontario energy credit ($148 per year for an individual and $227 for a family); and
    - o the First Nations On-Reserve Delivery Credit which removes the delivery charges for all on-Reserve households and the monthly delivery charge for customers of licensed distributors who charge bundled rates (providing an estimated $85 benefit, per household).
- Additional reductions may be available through the new Affordability Fund which supports customers who are ineligible for OESP by providing them with funds to make energy-efficiency improvements to their homes.

No Free Lunch

When it comes to on-Reserve First Nations communities, the impact of this announcement is significant. If all of the announced programs come to fruition this summer, they will have a compounding effect and households on-Reserve will almost certainly see immediate and noteworthy reduction in their monthly hydro bills. This is good news for First Nations —but should it stop First Nations communities from pursuing alternative electricity generation and distribution options? We think not.

Despite this rate freeze and the rebates, we are skeptical that the rate reductions can hold out over the longer term. Eventually, someone always needs to pay piper. For a lesson in modern history, consider the rise in electricity prices currently taking place in Argentina or Nigeria. More locally, consider the history and impact of the rate freezes which took place in Ontario during the Ernie Eves government era (2002). There is no free lunch.

The Fair Hydro Plan is careful to state that the inflation cap on rate increases is only meant to last four years. After that, it is unclear what will happen to the rates. They could potentially balloon back up to present rates or, more likely, to a rate level adjusted upward to correct for current indulgences. The reality is, the province estimates that the decision to refinance the Global Adjustment will result in an additional $1.4B per year in interest fees and, together with the cost of the additional rate reduction programs, the Fair Hydro Plan is expected to cost the province about $2.5B over the next three years. (These are substantial sums for an economy the size of Ontario's.)

Many commentators expect that this means that there will be a four year reprieve only to be followed by an onslaught of rate rises later. After all, the current bank loan needs to be paid off and it is likely that there will be new, ongoing maintenance expenses incurred and new infrastructural upgrades needed over the years which will only add to the overall cost of the system.

Second, the 25% rate reduction is helpful in the short term, but the real benefit to on-Reserve customers is the elimination of the delivery fee and the expansion of the additional credit and rebate programs. However, it is very hard to tell how long these programs will or can stay on the books. For example, the OESP can be revoked at any time. Rates and thresholds for OESP eligibility are set by Ontario Energy Board (OEB) regulation and subject to ongoing review. In coming years, the OEB is entitled to resolve to extend the program further or cut it back, depending on their assessment of the program at the time. Similarly, the tax credits, which are applied through the Ontario Trillium Benefit, are also subject to continual review where the political party in charge can move to remove the program at any time, or adjust the quantum of the benefit.

Two-Thirds Of Canada's Electricity Comes From Renewables

By: Staff Post
For: Huffington Post
On: May 3, 2017

OTTAWA — Two-thirds of Canada's electricity supply now comes from renewable sources such as hydro and wind power, the National Energy Board said in a report released Tuesday.

Renewable energy production jumped 17 per cent between 2005 and 2015. The portion of all electricity in Canada generated by renewables is now 66 per cent, up from 60 per cent a decade earlier.

"I think people don't understand just how much of our generation is the renewables," said NEB chief economist Shelley Milutinovic. "Probably very few people would know Canada produces the second most hydro in the world."

In 2015, China produced 29 per cent of the world's hydroelectric power, followed by Canada at 10 per cent.

wind turbineThe portion of all electricity in Canada generated by renewables is now 66 per cent, up from 60 per cent a decade earlier. (Photo: AP)

In terms of all renewable energy, Canada ranks fourth in production, behind China, the United States and Brazil.

Hydroelectricity accounts for the majority of renewable electricity, with 60 per cent of all electricity in Canada coming from hydro. Wind power accounted for 4.4 per cent, biomass power was 1.9 per cent and solar power was 0.5 per cent.

Biomass power comes from burning organic waste such as wood pellets or methane gas produced by landfills.

Non-renewable energy accounted for the rest, with 16 per cent coming from nuclear power, about 10 per cent from coal and nine per cent from natural gas.

Wind power saw biggest growth

Ontario fully phased out its coal plants in this decade, with the last one closing entirely in 2014, dropping coal's share of Canada's electrical supply to 10 per cent from 16 per cent.

Hydro generation grew eight per cent between 2005 and 2015 but its overall share of the power generated in Canada remained constant at 60 per cent.

Wind power saw the biggest growth in the decade. In 2005 Canada produced less than

2,000 gigawatt hours of wind power, which accounted for just 0.5 per cent of all power. In 2015, it produced 20 times as much, more than 28,500 gigawatt hours, which amounted to 4.4 per cent of power generation.

A gigawatt hour of power is the equivalent of one million kilowatt hours. A kilowatt hour of power is the amount used to burn a 100 watt light bulb for 10 hours.

solar farmThe cost of solar production is the main barrier to new installations. (Photo: Getty Images)

Canada is the seventh-largest producer of wind power in the world.

In 2005, Canada produced almost no solar power at all. In 2015 it produced more than 3,000 gigawatt hours. Ninety-eight per cent of all Canadian solar production is in Ontario, where financial incentives drove the installation of new solar power plants.

In 2015, Canada installed 600 megawatts of new solar capacity, the 10th largest increase in solar installations in the world. China, however, added 15,200 megawatts.

The cost of solar production is the main barrier to new installations.

Canada ideal to get to 100 per cent renewables: professor

Chris Barrington-Leigh, a professor at McGill University's School of Environment, has done an analysis of the potential for growth in renewable energy production in Canada, said 2015 was a record year for new installations of renewable energy around the world.

He called Canada's renewable growth "a good start" but said the aim is to get to 100 per cent.

Electricity generation was responsible for about 80 million tonnes of greenhouse gas emissions in 2015. Hydro, wind and solar power do not produce emissions from generating electricity, although there are emissions associated with producing and installing the equipment.

Barrington-Leigh said Canada has a lot of land without a large population, which makes it an ideal country to be able to get to 100 per cent renewable energy.

The report notes the main barriers to expanding renewable energy is concern about the price for consumers, as well as reliability.

Renewable energy soaring in Canada: Report
By: Staff Post
For: Canadian Press
On: May 3, 2017

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Column: 'Quick fix' budget leaves North behind
By: MPP John Vanthof
For: The Sudbury Star
On: May 3, 2017

The Kathleen Wynne government released its latest budget last Thursday, and it is disappointing to say the least.

The first thing that struck me was the Liberal government's continued refusal to stop the sale of Hydro One. Their reasoning is disturbingly clear: The Liberals are using the one-time proceeds from the sale of Hydro One to balance the government's books.

Even worse, the government has lost more than $1 billion of revenue; these funds are now going to private investors who have bought 30 per cent of Hydro One shares.

Going forward, this revenue will continue to be lost every year to private interests, instead of funding the programs and services that Ontario taxpayers rely on.

While the government has proposed to lower the hydro rates by decreasing delivery charges, this plan is funded by the taxpayer through government borrowing.

Ultimately, you and I will continue pay the full hydro bill and resulting interest on this government's debts.

Instead of addressing the overwhelming number of administrative policy problems that led to the current energy crisis, the government has implemented a "quick fix" to solve its political problems.

Many families in Ontario are finding it harder to make ends meet, due to chronic underfunding of necessary government services.

Premier Wynne missed her chance to turn things around in this budget; instead, Ontario's hospitals have been cut to the bone. There have been many nursing jobs cut and surgeries delayed due to diminished health care access and funding shortfalls. Patients are being kept in hallways, as there are not enough actual beds and rooms for them to stay in - nor is there enough health care staff to provide the needed support.

This budget increases the operational funding for Ontario Hospitals by three per cent. Due to the effects of a two per cent increase in annual inflation, this results in a minor funding increase of only one per cent to Ontario hospitals.

Taking into account Northern Ontario's aging population, it is impossible to calculate how such a small increase in hospital funding will accommodate the health care needs of the ill and elderly.

The budget announces a pharmacare program for Ontarians ages 24 and younger. There has been some speculation that the Liberal government was forced into hastily rolling out a pharmacare plan in reaction to the recent NDP announcement.

The NDP has promised to implement a universal pharmacare program for everyone under age 65 upon forming government. Despite announcing their new, age-limited pharmacare plan in the budget speech, there was no budget allotment of costs in the government's accompanying financial documents.

As fewer and fewer people have health care benefits, and many cannot afford to pay for prescriptions, it is increasingly urgent that people get solid pharmacare coverage.

The problem with the government's plan is that most families will still be left without protection. With many people beginning their families later in life, primary wage earners over the age of 24 will not be covered by the government's new pharmacare strategy. Again, this appears to a frantic political fix, instead of a well-planned program for the benefit of all.

The budget was especially disappointing for Northern and rural Ontario.

The Ministry of Northern Development and Mines is a huge proponent of Northern Ontario economic development, through support for new investors in the mining sector, and handling of critical services for unorganized townships (eg. services boards); it will suffer a cut of $70.3 million.

The $37.4-million cut to the Ministry of Natural Resources and Forestry are particularly disturbing, as the forest industry is under threat from increased American trade tariffs on softwood lumber.

The Ministry of Agriculture, Food and Rural Affairs, which already operates with limited resources in Northern Ontario, is being cut by a further $47.1 million.

The Ontario Municipal Partnership Fund has been frozen. As a result, municipalities won't have any increase to the funding they desperately need to keep up with the ever-mounting costs of services previously downloaded by the province, including road maintenance, policing, social services, and vital emergency services.

It feels like the North was forgotten when the government wrote this budget. For the first time since I have represented Timiskaming-Cochrane as MPP, the Ontario Northland Transportation Commission was not even mentioned, nor was the Ring of Fire development; the Ring of Fire has the potential to be a huge economic driver of our region, and the ONTC has been a significant employer of our labour force. One of the few mentions of the North in the budget referred to an increase in the Northern Ontario Health Travel Grant to cover more overnight stays for people going outside of their communities for medical services. Judging from this budget, the Wynne government completely fails to understand the fundamental importance of the North's valuable, resource-based economy to the success of this province.

Overall, the economy of the province is improving but only the major urban centres are benefitting, and the outlying areas are being left behind. Instead of uniting the Ontario, the Wynne government seems intent on tearing it apart.

John Vanthof is the NDP MPP for Timiskaming-Cochrane

Hydro One Flips the Switch on better service and is answering calls on Saturdays
By: Staff Post
For: PR Newswire
On: May 3, 2017

TORONTO , May 1, 2017 /CNW/ - Hydro One announced today during its busiest season, it will open its Customer Contact Centre on Saturdays from 9 a.m. to 3 p.m. starting May 6, 2017 . Hydro One is the first electricity service provider in Ontario to open to customers on Saturdays. The Centre is also open extended hours on weekdays from 7:30 a.m. to 8 p.m. and 24 hours a day for power outages and other emergencies.

"As part of our ongoing review of our customer policies, this just makes sense," said Ferio Pugliese, Executive Vice-President, Customer Care and Corporate Affairs, Hydro One. "Our customers have been asking for this because it offers them another convenient opportunity to reach us at a time that fits their schedule and lifestyle; it's only right we deliver on that request and we have an exceptional team of agents waiting to take the calls.

Forty per cent of Hydro One's yearly call volume occurs between May and August with almost half of the Company's move requests taking place in the summer months. Hydro One receives approximately 50,000 calls per week with the busiest times from 10 a.m. to noon and 3 – 5 p.m.

The Company is committed to customer service by listening and acting on customer concerns. Earlier this year 28 Hydro One senior executives – including Mayo Schmidt , President and CEO, Hydro One – joined the Customer Contact Centre team to speak directly with more than 800 customers, answer questions, get feedback and commit to action.

Last week, as part of its Flip the Switch campaign, the Company announced major changes to some of its customer facing policies which included eliminating security deposits for residential customers and significantly reducing deposit requirements for its business customers. The Company also expanded its relief measures to help its customers that accumulated balances on their accounts over the winter.

Hydro One is also delivering efficiencies to the business, keeping costs down and delivery rates affordable. To help customers dealing with acute hardship, Hydro One introduced the Winter Relief Program in December 2016 , an initiative to get the lights – and in some cases heat – back on in time for winter for hundreds of customers who had been disconnected earlier in the year. The Company also advocated on behalf of its customers to the Provincial government which is resulting in more rate fairness for all of its customers.

Nicholls angry over Ontario's budget

By: MPP Rick Nicholls

For: Chatham Voice

On: May 3, 2017

Local MPP Rick Nicholls isn't happy with the provincial budget, even going so far as to accuse the Wynne government of "cooking the books" a year before the next election.

"This is not a balanced budget. There is a more-than-$5-billion operational deficit that the government is hiding through cash grabs, unauthorized use of pension assets, and one-time revenue such as the fire sale of Hydro One," the Chatham-Kent-Essex MPP said in a release.

Rick Nicholls MPP for Chatham-Kent-Essex

Rick Nicholls MPP for Chatham-Kent-Essex

The Wynne Government said it released a balanced budget. Nicholls, however, said Ontario's Financial Accountability Officer has stated that the province's net debt will increase to $350 billion by 2020. The Auditor General has expressed concerns with questionable Liberal accounting practices, he added.

The budget includes over $500 million in pension assets.

"There are some elements within this budget that I feel are positive, such as a transit tax credit for seniors, but overall this Liberal budget will grow Ontario's debt which will make it harder for future governments to provide vital services as more and more money will be spent on interest payments further mortgaging our children's future," Nicholls said in a release.

The province now spends more on debt interest ($12 billion) than it does on post-secondary education ($8.4 billion) and community safety ($2.8 billion).

Ontario’s Agri-Food budget is being cut by $47 million.