MEDIA SCAN: HYDRO RATE REDUCTION PLAN

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TORONTO SUN: *ONTARIO'S FAIR HYDRO ACT 'A PONZI SCHEME'*
By: Alan Whiteley
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http://www.torontosun.com/2017/06/01/ontarios-fair-hydro-act-a-ponzi-scheme

The following is an edited version of an address made by lawyer Alan Whiteley on May 23 before the Standing Committee on Justice Policy, regarding the Ontario government's Bill 132, the Fair Hydro Act.

Residents of Ontario cannot afford electricity at current rates.

Some families have to choose between electricity and food.

Industries faced with exorbitant charges are relocating to the U.S.

Jurisdictions that offer much lower rates are taking jobs with them.

An urgent remedy is required. Bill 132 is no remedy. It is a Ponzi scheme.

It does not address the root cause of unaffordable electricity rates.

Ontario consumers can afford to pay the spot price for electricity they consume.

They can even afford to pay the delivery charges, if levied on an equitable basis.

What they cannot afford is the global adjustment charge, the difference between the price the government promised to any particular electricity generating company and the "market price" of electricity.

Simply put, the government buys high-cost electricity from operators of renewable energy projects, authorized under the Green Energy Act, at multiples of the market price, and then adds that excess to consumer prices.

The solution to the problem is patently obvious: Buy electricity only at market prices.

The grid is awash with electricity at market prices.

Every day, hydro generating stations spill water and nuclear power generating stations steam off heat because their carbon-free electricity is not required.

In addition, Quebec exports huge amounts of power from its northern hydro dams, all at market rates.

But instead of recognizing that the current crisis in electricity is the direct result of the disastrous Green Energy Act (2009), this government seeks to defer the problem by inflicting it on future generations.

Citizens of Ontario expect better than such unethical, unfair and underhanded machinations from their Legislature.

Bill 132 states that the “fair allocation amount” is a method of measuring and allocating estimated clean energy costs and estimated clean energy benefits among consumers.

But it doesn’t address the “clean energy costs” imposed unilaterally and discriminatorily on residents of rural Ontario by the Green Energy Act.

Because of setbacks, noise levels, etc., IWTS (industrial wind turbines) can only be erected in rural areas.

They are erected in contravention of municipal bylaws, official plans and assessment rights against local objections and are damaging communities economies, human health, land values and environments across rural Ontario.

The County Coalition for Safe and Appropriate Green Energy (CCSAGE) is seeking judicial review of the Green Energy Act and a declaration that by imposing all of the non-monetary costs of IWTS on rural Ontario, the act violates Section 15 of the Charter of Rights and Freedoms, in that it deprives residents of rural Ontario of the benefit of sound land use planning principles and amounts to discrimination that has the effect of demeaning the human dignity of residents of rural Ontario.

CCSAGE fully expects to win this case, in which event every IWT erected in Ontario will be illegal.

The $28 million that the World Trade Organization recently ordered Ontario to pay to (a wind developer) for imposing a moratorium on offshore IWTS will fade into insignificance compared to amounts demanded by IWT operators to compensate for (their) operating permits.

Bill 132 won’t solve that problem.

Whiteley is counsel to CCSAGE which is seeking judicial review of the Green Energy Act and opposing the indiscriminate industrialization of rural Ontario

Ottawa Citizen: *Adam: We can't keep punting energy costs onto our kids and grandkids*
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Byline: Tyler Dawson, Ottawa Citizen

The reaction to the report of the province's financial accountability officer on the Liberal hydro relief plan illustrates perfectly the hydro conundrum facing Ontario.

Beset by skyrocketing hydro rates that many cannot afford, we demand relief - and when the government obliges, we complain that the price is too steep. We can't have it both ways. Either we resolve to pay the full cost of electricity, or accept that the cost of the relief we demand would be borne by future ratepayers.

We got here after Premier Kathleen Wynne cut electricity prices by 25 per cent for residential users and small businesses. The Liberals touted their plan as refinancing the mortgage on the electricity system by spreading out payment of long-term power generation contracts over a longer period.

But it was clear that however it is described, relief would not be cheap. You don't get something for nothing, and it must not have come as a surprise when financial accountability officer Stephen LeClair released his sobering numbers.

Cutting electricity prices will save $24 billion for hydro users, but cost $45 billion down the road, he said. By getting relief now, we are saddling future ratepayers, 20 years down the road, with a $21-billion bill. Future electricity prices will rise.

It is obvious the Liberals are punting the problem, but they are doing so because consumers can't, or don't want to, pay the real cost of the power. And the government hasn't got the courage to make us to do so.

This is not new. The strategy has a long history. The NDP government froze electricity prices in 1994, and after the privatization debacle under Mike Harris, successor Ernie Eves did the same in 2002, despite warnings that it would cost billions. When they came to power in 2003, the Liberals flirted with idea of having consumers pay the full cost of electricity but abandoned it because of the backlash. And with their bungled green energy plan, left a mess of their own.

"The legacy of previous decisions has finally caught up with us," says electricity consultant Tom Adams.

Ontario governments have bungled this issue more than any other. The common thread running through all government plans is the desire to keep rates low to placate angry consumers.

There's no doubt the price of electricity has gone up significantly. Figures show that in the decade since 2006, the cost of off-peak consumption, which accounts for about two-thirds of residential usage, went up about 150 per cent. Mid-peak and peak usage costs also rose considerably.

People are not complaining for nothing. Many are really hurting.

Faced with massive public outcry over runaway electricity prices that apparently are forcing people out of their homes and driving businesses out of the province, no government would court political suicide by doing nothing. Which is why the Liberals offered relief, and I dare say any other government would too, especially with an election looming. But if the price of relief is too big to bear for future ratepayers as some are saying, what's to be done?

Some of the expert suggestions out there are not new: End waste and get rid of bad programs that offer little value. Experts like Adams want to kill energy conservation and renewable energy procurement programs, to save billions.

Some might disagree with the choices, and even if common ground can be found, it may not be enough to provide the needed relief. But it is a debate worth having. Perhaps the path to a solution lies in you and me accepting that we are part of the problem, and should be part of the solution.

And then when the election is over and whichever party wins, the government should engage Ontarians in a serious and honest debate about paying for the real cost of electricity - a debate we've never really had.

Like you, I don't want to pay any more for electricity than I am doing now. But we can't keep passing on the cost to generation after generation. We have to share the burden.

Mohammed Adam is an Ottawa writer.

INSIDE TORONTO: EDITORIAL: SO FAR AS HYDRO RATES GO, THE OTHER SHOE DROPS IN 2021

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https://www.insidetoronto.com/opinion-story/7339344-editorial-so-far-as-hydro-rates-go-the-other-shoe-drops-in-2021/

Welcome one and all to the Ontario government's incredible, stupendous hydro-cuts emporium where you can buy cheaper electricity today — then pay big-time for it later.

If this makes the Liberals' misnamed Fair Hydro Plan sound like a slick scheme concocted to get them re-elected, that's because to a large degree it is.

Yes, we know Ontarians were begging for relief from constantly soaring hydro bills. We also know many consumers are cheering Premier Kathleen Wynne's plan to slash hydro rates by 25 per cent this year and then limit increases to the inflation rate for the next four years.

But as the province's financial watchdog reported last week, the cost of insulating Ontarians from soaring energy bills will eventually shock them to the tips of their toes. To be sure, the Liberal plan will save consumers $24 billion over the next four years. That's a tidy sum and it's no coincidence the savings are perfectly timed to inspire warm and fuzzy feelings for the Liberals before the June 2018 election.

But as the Financial Accountability Office just reported, it will cost the province a jaw-dropping $45 billion over the next 29 years to make those savings possible. In addition, if interest rates rise or the province starts running deficits again, the eventual cost of the plan could balloon to $93 billion. The inescapable reason for this daunting bill is that the province must borrow heavily to pay for the discounted hydro rates.

That money must be repaid. And in order to lower hydro bills in the short term, the government will need to increase them in subsequent years to cover the debt that finances the plan. It's all a bit like using a carving knife to extract a splinter. The operation may succeed, but the bleeding will be considerable.

So, while you can, enjoy seeing average monthly hydro bills drop from $163 to $123 starting this summer. But brace yourself for hydro rates to increase by 6.8 per cent a year from 2021 to 2027. Be ready for the average monthly bill to rise to $213 by 2028.

It is a reminder, too, of how badly this government has mismanaged the electricity file — think of their subsidies for wind and solar energy we don't need. Other governments of different political stripes have made a mess of it before.

But the Wynne government has nothing to be proud of in how they've handled Ontario's electricity system.

TV Transcripts

None