

MEDIA SCAN: HYDRO RATE REDUCTION PLAN

September 6, 2017

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Toronto Sun: Ontario energy efficiency programs won't work; A15; 2017.09.06

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Ontario energy efficiency programs won't work

The Wynne government is once again pursuing highcost energy programs that will yield minimal benefits for Ontarians.

This time the government has its sights set on energy efficiency programs.

Environment Minister Chris Ballard announced last week that \$377 million in proceeds from Ontario's cap and trade auctions will be used to establish a Green Ontario Fund.

According to the government, this new agency will oversee programs and rebates for homes and businesses to reduce energy costs.

Under the new program, Ontario households can register to have a smart thermostat installed at no cost. Ballard estimate the smart thermostats and installations will use about \$40 million from the green fund.

The government predicts consumers will see a savings of up to 15% on energy bills from adjusting their thermostats. The government also recently announced up to \$657 million from cap and trade proceeds will be used for social housing repairs and retrofits.

Will these programs actually save consumers money? Probably not.

Studies from the United States suggest energy conservation program costs are often understated and far outweigh the benefits. For example, a 2015 Berkeley University study found the U.S Weatherization Assistance Program - a home retrofit program - predicted 2.5 times more energy savings than were actually realized.

Meanwhile, the cost of the program per household was about twice the value of the energy savings, even after accounting for the value of reduced air pollutant emissions. Moreover, research shows when governments subsidize the adoption of energy efficient equipment, households and firms will actually respond by increasing usage.

For instance, a household that obtains a rebate to purchase an energy efficient dishwasher that uses less energy may then opt to run it less full and therefore more often. This raises questions about whether energy efficiency programs actually result in reduced energy consumption.

Ontarians are already feeling the pinch from high electricity prices.

A recent Fraser Institute study found Ontario's electricity prices increased 71% from 2008 to 2016. This means Ontario's electricity price increases were more than double the national average.

Two of Ontario's major cities, Toronto and Ottawa, have the highest average monthly electricity bills when compared to other major cities.

(The government has announced a 17% rebate on consumer hydro bills, which it will pay for by going further into debt.)

What's behind the drastic electricity price increase in Ontario? Simply put, an array of poor policy decisions at Queen's Park and the imbalance between the supply and demand of electricity in the province.

When Ontario's energy generation exceeds demand, it must be exported - often at a loss - leaving ratepayers to cover the difference.

Surely the supply and demand imbalance in Ontario is not a problem that can be solved with energy efficiency programs.

Instead of pursuing meaningful reforms that will provide relief from Ontario's skyrocketing electricity bills, the Wynne government is betting on energy efficiency programs to try to provide a low-cost means of managing power needs.

Unfortunately, Ontario's new energy efficiency plans largely rely on unproven claims. The Wynne government seems to think cutting energy bills is as easy as "changing a lightbulb, or switching a thermostat".

Research shows that isn't true.

Ontario's energy efficiency programs are costly and will likely result in minimal energy savings for residents and businesses.

Green is senior director of Natural Resources Studies at the Fraser Institute. This column was co-authored by Ashley Stedman, a Fraser Institute policy analyst.

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