Daily media note - March 1, 2017

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Attachments: Daily Media Note - March 1, 2017.docx (90.94 kB); 20170301 - Media Scan - Hydro Rate Reduction (Afternoon Scan).doc (153.09 kB)

Good afternoon Premier,

We have four items to update you on today:

- Energy announcement
- Cap and trade
- Disaster Relief
- French, Chinese, and Ethnic media update

Energy announcement

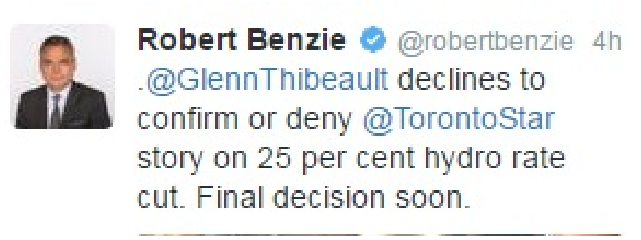
(Please note we have included a complete Media scan on the issue attached to this email)

No surprise, today's news has been dominated by the Toronto Star's story on what Robert Benzie and Rob Ferguson expect to be the measures soon to be announced by the government to reduce hydro bills. Benzie and Ferguson found out that the 25% reduction in rates will come mostly by "smoothing out" the financing costs of electricity generation contracts over longer periods.

It explained that "*Extending the amortization periods for the life of nuclear, natural gas and wind and solar projects instead of the standard 20-year time period could cut the expense of contracted generation by more than $1.5 billion a year. Ratepayers should soon see the positive impact on the "global adjustment" line of their monthly hydro bill. The confusing global adjustment was added to bills in 2005 and is charged to cover the $50 billion cost of contracts with both public and private power generators who receive more than the market price for their electricity. It is required because most power producers in Ontario are paid more than the going rate so they can build and maintain enough gas-fired power plants and nuclear reactors to ensure a reliable long-term electricity supply. It also helps cover the controversial green energy premiums — or feed-in tariff payments — to those who generate wind and solar power for the grid. The benefit of essentially refinancing the global adjustment is that consumers will see a break almost immediately on their bills. Another smaller measure the government will adopt is to stop electricity ratepayers from bankrolling the Ontario Electricity Support Program, which gives up to $65 a month to low-income earners struggling with hydro prices. Instead, the cost will be transferred to the broader tax base".*

The story stressed that the savings impact should be immediate, and compared the move as the equivalent of refinancing a mortgage to enjoy lower payments over a longer time on nuclear reactors, natural gas-fired power plants, and wind turbines. It also underlined that the plan was expected to be approved today during cabinet with an announcement coming as early as Thursday.

Mainstream media reported on the news this morning and later this afternoon, emphasizing how your office or Thibeault's office would not confirm the news (which provoked frustrations among the gallery).



The opposition was quick to react in the media. Patrick Brown wrote an op-ed in the Toronto Sun to denounce the plan, saying it will raise taxes. We have included Brown's piece for your reference:

Liberals will raise your taxes to offset hydro costs

Kathleen Wynne and her Liberal government will try to make you believe they are fixing this electricity mess, but every time they touch it, they make it worse.

Don't be fooled by them: The Liberals will pay for their scheme by raising your taxes, and your electricity rates will increase again the moment they have the chance.

Their plan will only end up punishing Ontarians by putting us on the hook for their colossal failure that has led to skyrocketing electricity prices.

Ontario once had some of the most competitive electricity rates in North America. We've plummeted to having some of the highest and fastest rising.

The cost of electricity when the Liberals took power was 4.3 cents. It's now gone up to 18 cents, or in other words a 400% increase — the fastest rising rates in North America.

Don't forget, it was this Liberal government that caused this problem. They introduced the Green Energy Act, otherwise known as the Bad Contracts Act.

The global adjustment, otherwise known as Wynne's mismanagement cost, was also introduced by Liberals and has magnified the cost of hydro to new heights. This pays for the cost of their bad contracts.

Since 2009, we've given away $6 billion in surplus energy as a result, to places like Michigan, Pennsylvania, Ohio and New York.

It has only been the Ontario Progressive Conservative Party to call for the repeal of this act. We will not sign any more of these contracts, and we will dig into each one of these contracts for exit clauses.

We will also review and rein in exorbitant executive salaries in the electricity sector, which the Liberals defend while Ontarians suffer financially month to month. The Hydro One CEO should not make $4 million a year.

And we will stop the fire sale of Hydro One because it means we will lose control of rate increases in the future.

Wynne admitted that she made this mistake last fall, and this was echoed last week by her energy minister.

However, they never felt a hint of regret when they collected enormous political donations from wind and solar companies. Between 2009 and 2016, the Wynne Liberals shelled out 30 green energy contracts to companies that collectively have donated $1.3 million to the Ontario Liberal Party.

Ontarians cannot be fooled: The Wynne Liberals will negotiate more of these bad, overpriced wind and solar contracts with their donor friends, and it will come at a huge cost to taxpayers.

Your rates will go up again. Your taxes will go up.

The Liberals don't have a history of listening to ratepayers, or our auditor generals, on this issue. They snubbed the auditor general in 2011 who warned these bad contracts would rapidly escalate electricity rates. They snubbed the auditor general in 2015 who pegged the cost to Ontarians at $37 billion in overpayments, with a price tag of $133 billion by 2032. And they have snubbed every ratepayer who has been suffering with hydro bills for years.

The Liberals had a chance to exit the very costly Samsung wind energy contract and save taxpayers billions, but instead rejected that option.

Ontario's energy system is not the envy of North America. We are the laughing stock, and businesses across the province will tell you why this is damaging our province.

Don't let them say to you that this is a commitment to green energy. We aren't running our hydroelectricity plants at full tilt, including Niagara Falls and plants in Northern Ontario. This is very reliable and underused green energy.

The Wynne Liberals are only concerned about this crisis because they want to get re-elected in 2018. This is why they didn't act years ago.

On the NDP side, NDP deputy leader Jagmeet Singh said to a reporter after Question Period that the plan wouldn't address the root causes of problems within the electricity system, such as the high-paying, long-term contracts.

After receiving your itinerary for tomorrow, Allison Jones moved an updated story on the CP wire. We have included it bellow for your reference:

The gallery tweeted about it:

Ontario electricity ratepayers will learn Thursday how the Liberal government plans to reduce their bills, which reportedly includes a move akin to refinancing a mortgage that's being slammed as just kicking costs down the road.

The plan is to slash soaring hydro bills by another 17 per cent largely by paying the costs of electricity generation contracts over longer periods, Toronto Star reported Wednesday.

*The Liberal government faces no bigger political issue at the moment than hydro bills, which have nearly doubled in the last decade, and Premier **>Kathleen Wynne<** had promised that further relief _ in addition to an eight-per-cent rebate that took effect Jan. 1 _ would be announced before the spring budget.*

Wynne and Energy Minister Glenn Thibeault are set to make their announcement Thursday morning. After a cabinet meeting Wednesday afternoon, Thibeault wouldn't say whether relief would come all at once or in phases.

``I would like to see it all done at once to ensure that we can get the best bang for every ratepayer's dollar,'' he said.

It could take some time to take effect, if regulatory changes or legislation are needed, Thibeault said, but it could perhaps be made retroactive.

Progressive Conservative Leader Patrick Brown said the reported plan would just shift costs from people's hydro bills to tax bills.

``The money needs to come from somewhere,'' he said. ``Will this government come clean and acknowledge that in their leaked plan, taxes are going to go up? They're simply playing a shell game.''

Thibeault said Ontario Power Generation did something similar to reduce nuclear refurbishment cost increases.

``It's something that OPG has recognized that works, but for us in terms of our smoothing _ or our rate mitigation plans, we're not putting anything out there right now," he said.

Energy consultant Tom Adams said in a blog post that the plan would create a ``big new electricity debt" in order to make rates ``appear" to decrease.

``In a nutshell, Wynne's plan is to stretch out the recovery of current electricity generation costs over a longer time period than currently is the case," he wrote.

It's not clear whether the underlying contracts would be extended or if the Ontario Electricity Financial Corporation, which manages the debt of the former Ontario Hydro, would fund the difference, Adams wrote.

The Star reported the benefit from the plan would be more than $1.5 billion a year, reflected in decreased global adjustment costs.

The global adjustment, which accounts for up to 70 per cent of electricity rates, is the charge consumers pay for above-market rates paid to power producers in 20-year contracts meant to ensure a steady supply.

Auditor general Bonnie Lysyk has estimated the global adjustment cost $50 billion between 2006 and 2015 and increased by 1,200 per cent between 2006 and 2013 _ meanwhile, the average electricity market price dropped by 46 per cent.

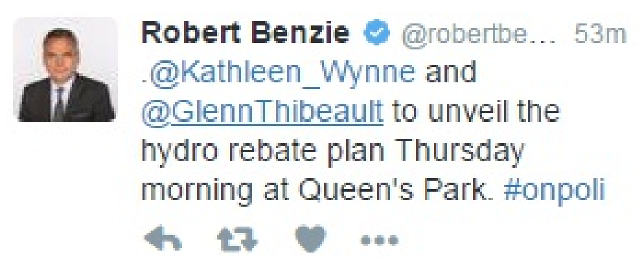
NDP deputy leader Jagmeet Singh said the reported plan wouldn't address the root causes of problems within the electricity system, such as the high-paying, long-term contracts.

``When they talk about smoothing out payments ... that means extending a bad contract and by extending it the interest payments are going to put more money in the hands of bankers," he said.

The NDP on Monday presented its plan to lower hydro bills, and it included renegotiating power contracts they say have led to high costs and an oversupply of energy.

The government will also shift the Ontario Electricity Support Program for low-income customers to the tax base, rather than being funded by other ratepayers, the Star reported.

Wynne has previously signalled that more savings will be coming for rural and northern ratepayers, who face significantly higher costs than urban customers, and Thibeault has suggested that changes are on the way for time-of-use pricing.



As for comments, Paul Bliss told CP24 that the plan is “a survival play” for the liberals that might help to ease voter anger leading up to the election. If it lands well, the Liberals will finally be able to be heard on other subjects. He also said that Ontarians who struggle with their hydro bills are already living in ridings held by the Conservatives or the NDP.


Paul Bliss @blissblogs 2h
Hate to rain on 25% hydro bill cut but OEB sets summer rates May 1.. & after that rate freeze in Nov16.. can they freeze again? #onpoli

Cap and Trade

Weeks ahead of Ontario's first Cap and Trade auction, CP reported that a joint cap-and-trade auction in Quebec and California has yielded less-than-stellar results. We have included the story below for your reference:

Low results in Quebec California cap and trade auction weeks ahead of Ontario's

A joint cap-and-trade auction in Quebec and California has yielded less-than-stellar results, just weeks ahead of Ontario's first auction.

Ontario is set to hold an auction on March 22 in its new cap-and-trade system, which limits how much pollution companies can emit.

Businesses covered under cap-and-trade will buy permits or allowances through quarterly government-run auctions or from other companies that come in under their limits.

The latest joint auction in Quebec and California, a market Ontario plans to join next year, saw just 18 per cent of the allowances sold in results released today.

Their previous auction saw a promising upswing with 88 per cent of the available credits sold, after results before that of 35 per cent and 11 per cent.

Ontario's cap-and-trade plan, which is aimed at reducing greenhouse gas emissions, has increased the cost of gasoline by about 4.3 cents per litre and boosted the cost of natural gas home heating by up to $6.70 a month.

Auditor general Bonnie Lysyk has said households will also pay another $75 per year by 2019 in indirect costs on goods and services.

We are expecting more coverage on this as the Ministry of Environment and Climate Change is preparing a statement.

Disaster Relief

CP24 reported that Mississauga city councillors voted today to waive the municipal portion of the property tax bill for 29 homeowners who are still unable to inhabit their homes as a result of the June 2016 house explosion on Hickory Drive. Four homes adjacent to the blast site have since been completely demolished. Mississauga officials say 29 homes still have building code orders that prevent anyone from living inside. Ward 3 Mississauga councillor Chris Fonseca moved a motion in council today that called on the city to issue a grant equivalent to the outstanding property taxes owed by displaced residents of the area, arguing that the explosion constituted an "extraordinary situation." But Mayor Bonnie Crombie warned that the decision to offer tax relief in this instance would open the city up to other demands in the event of future catastrophes. The decision by Mississauga city council does not affect outstanding regional property taxes and local education taxes. Crombie called on the provincial government to offer the ability to waive local education taxes on homeowners impacted by similar crises in the future.

French Media update

Reporting on the Toronto Star's Energy story, Radio Canada said that the solution would provoke short term relief but would bring the risk of increases in the long term.

TFO emphasized reactions from the opposition: "a plan that will cost a lot" for the PC party and "a plan that does not help Ontarians" for the NDP.

Le Droit reported that a week ahead of Ottawa City council, two Ontario MPPs, Yasir Naqvi and John

Fraser, strongly support phase 2 of the Ottawa LRT.

Chinese Media update

The leak of 25% electricity rate made the headline news of Sing Tao's city page. The story was a straight forward translation of an exclusive by its parent paper the Star. It was highlighted in the heading an announcement is expected to be made as soon as tomorrow (Thursday). There weren't any echoes or editorial comments so far.

Ethnic Media update

A number of outlets have carried stories on Mayor Crombie and Minister Sousa working together for Mississauga. The Weekly Asian Connection reports that "Mississauga Mayor Bonnie Crombie has thanked Minister of Finance Charles Sousa for visiting Mississauga Civic Centre to discuss Mississauga's 2017 Ontario government pre-budget submission and other important city-building priorities."

FYI – CP moved a story on its wire after Health Minister Jane Philpott indicated today the federal government is letting Ontario take the lead on mercury contamination in Grassy Narrows First Nation.
FYI – Ontario's chief medical officer of health says three people have contracted a virus linked to exposure to rats. Dr. David Williams says the Ministry of Health and Long-Term Care is investigating three human cases of Seoul virus among people who had prolonged contact with rats. Williams says no serious health problems have been reported.

FYI – Mayor John Tory is urging city councillors to approve the alignment of the proposed one-stop subway extension — which now has a price tag of about $3.35 billion once a new bus terminal is factored in — so design and construction work can begin as soon as possible. Tory said any delay will only result in the city paying more for the mega-project and vowed to keep a close eye on the money being spent on the subway.

FYI – Toronto police are investigating after York University reported the discovery of swastika symbols and an anti-Semitic statement in a classroom.

FYI – A Tuesday night fire at an Islamic information centre and mosque on Weston Road is being investigated as arson.

FYI – Montreal police are investigating after a letter was sent to media outlets Wednesday morning threatening to set off bombs targeting Muslim students in two Concordia University buildings. No bombs were found following a police search.

FYI – There will be no streetcar service on Queen Street from May to September due to road construction, the TTC announced today. It will affect about 43,000 riders.

As always, let us know if you have any questions,
Kate, Jenn, Gurvinder and Ronan