Morning Media Scan: Hydro Rate Reduction Plan - November 2, 2017

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Morning Media Scan: November 2, 2017

MEDIA SCAN: HYDRO RATE REDUCTION PLAN

November 2, 2017

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Print Coverage

Waterloo Region Record: Ontarians in the dark about Fair Hydro Plan; A8; 2017.11.02

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Ontarians in the dark about Fair Hydro Plan

A recent report from Ontario's auditor general slammed the provincial government's "needlessly complex" plan to reduce electricity bills for Ontarians. According to the report, the government is keeping the true cost of its plan off the books.

The Fair Hydro Plan is meant to respond to widespread angst about sky-high power bills in the province. It reduces electricity bills for households and some small businesses and farms by 25 per cent.

However, as noted by the auditor general, the plan will increase provincial debt to reduce electricity bills in the short-term while future ratepayers pay the bills. As the AG report explains, "From 2028 on, ratepayers will be charged more than the actual cost of the electricity being produced to pay back the borrowings."

So instead of pursuing meaningful policy reforms, the government of Liberal Premier Kathleen Wynne is kicking the can down the road and shifting costs from one place to another.

To make matters worse, the government is concealing the real financial impact of the rate reduction by understating future deficits and net debt. According to the plan, entities such as Ontario Power Generation can borrow at higher interest rates, further increasing electricity costs for future ratepayers.

How much more will Ontarians pay? According to the auditor general, almost $40 billion. And up to $4 billion more than necessary due to additional interest costs over the next 30 years.

Ontarians are already reeling from high electricity costs. Recent studies show that Ontario has the fastest-growing electricity prices in the country and its cities have some of the highest average residential monthly bills in Canada.

From 2008 to 2016, electricity prices in Ontario increased by 71 per cent - more than double the national average. Electricity bills (including tax) for Torontonians are $60 more per month ($720 more per year) than the Canadian average. And ratepayers in Ottawa pay $41 more per month ($492 more per year) on electricity bills than Canadians in other provinces.

Ontario needs real reform to lower electricity prices for residents and businesses. Unfortunately, the provincial government is opting for improper accounting practices and temporary solutions, sticking current and future Ontarians with the bill.

Kenneth P. Green is a senior director, Elmira Aliakbari and Ashley Stedman are analysts, at the think-tank Fraser Institute. Distributed by Troy Media

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Kincardine News: United Way's Dobbyn happy with long-term energy plan; A4; 2017.11.02

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United Way's Dobbyn happy with long-term energy plan

The head of the local United Way says there's good news for low-income families in the provincial Liberal government's Long-Term Energy Plan.

The document reconfirms measures in Ontario's Fair Hydro Plan - which reduced residential electricity bills by 25 per cent on average this summer - including the promise to hold any increases to the rate of inflation for four years.

"That's really good. It means that families can budget, they're not going to see big jumps," Francesca Dobbyn, executive director of the United Way of Bruce Grey, said in an interview.

"It also holds the utility companies accountable in that they have to work within their own budgets rather than going, 'Hey we'd like to go do this or we'd like to try that.'It puts the onus back on the utility companies for them to also manage their costs because they're not going to get the raises in rates."

Dobbyn said she was invited by the Ministry of Energy to the launch of the Long-Term Energy Plan in Toronto because of the work the local United Way has done in the past to assist the province with its efforts to make electricity more affordable.

The Bruce Grey Poverty Task Force, a project of the United Way, also submitted suggestions for the energy blueprint.

Dobbyn said one of the plan's most significant new initiatives - which the United Way advocated for - is the one that will enable the Ontario Energy Board to both increase its oversight of sub-metering companies, which meter and send bills to residents in multiresidential buildings for the energy they consume, and bring in new consumer protection measures.

About 326,000 apartment and condominium units in Ontario use sub-meters, also known as suite meters, and Dobbyn said the new oversight will be especially beneficial to low-income residents that reside in those units.

"This is really important for us because we have suite meters in Owen Sound for sure, the 28th Street apartments for example, where tenants pay their own hydro bills. And the OEB right now only has control to the meter to the building, they don't have any regulations about what happens inside the building. So we have companies that charge $25 a month if you haven't paid off the previous bill in terms of a fee for carrying a balance, which is really hard on low-income people," she said.

"They're also not wrapped up in any moratorium on disconnections so they were disconnecting people in March of last year."

As a result of the Fair Hydro Plan, the updated Long-Term Energy Plan says electricity prices are forecast to remain below the level projected in the previous energy blueprint from 2013.

For example, the province says, the previous plan forecast that typical residential monthly electricity bills would reach $200 in 2027, but the new plan projects the cost to be about $19 less.

The plan also says electricity rates will rise gradually, by an average of about five per cent annually from 2021 to 2027.

"The significance of that, again, is the predictability of it," Dobbyn said.

The Long-Term Energy Plan includes several initiatives that the province says will assist with its commitment to avoid sharp increases in electricity costs.
They include a promise to maximize the use of Ontario's existing energy assets and only securing new power when it's needed.
Bruce Power says the plan reiterates the importance of its life-extension program, which will see the site near Tiverton provide "low-cost, carbon-free and reliable electricity" through 2064.
In a statement, Mike Rencheck, Bruce Power's president and CEO, said it is important to have stable government policy in place so Bruce Power can make long-term investments to secure low-cost electricity for families and businesses.
"We are encouraged by the trust the government continues to have in Bruce Power to provide over 30 per cent of Ontario's electricity at 30 per cent less than the average cost to generate residential power, while producing zero carbon emissions," Rencheck said. "Our life-extension program, which began on Jan. 1, 2016, is on time and on budget, and continues to boost Ontario's economy in every corner of the province."
Bruce Power says the plan also recognizes the electricity company's other attributes, including its production of medical isotopes.
Bruce Power says its investment programs and operations create and sustain 22,000 jobs directly and indirectly each year, while injecting $4 billion into the economy annually.
Ontario PC Leader Patrick Brown, in a statement about the Long-Term Energy Plan, said "despite Liberal spin," electricity rates will continue to skyrocket to the highest they've ever been after next year's provincial election.
He also mentioned a special report by Ontario's auditor general, which said the provincial government created "an unnecessary, complex financing structure to keep the true financial impact of most of its 25 per cent electricity-rate reduction off the province's books." The report said the Fair Hydro Plan could cost Ontarians up to $4 billion more than necessary in interest costs over the next 30 years.
Brown said: "The Wynne Liberals are untrustworthy, especially when it comes to Ontarians'electricity bills. Every single time they've played games with the electricity sector it has left families working harder, paying more, and getting less.
"The 2017 LTEP (Long-Term Energy Plan) does not show the real costs of their 'unfair'hydro scheme. It is nothing but a Wynne Liberal re-election campaign document that does nothing to calm the nerves of families worried about their future."