Saturday Media Scan - Hydro Rate Reduction - May 27, 2017

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Saturday Media Scan: May 27, 2017

MEDIA SCAN:HYDRO RATE REDUCTION PLAN

May 27, 2017

Click links below to view article:

Print Coverage

Print Coverage

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ILLUSTRATION: Len Gillis, The Daily Press / Ontario Energy Minister Glenn Thibeault said he is ready to face an election where he has to defend Ontarioís rising hydro costs. Thibeault was the guest speaker at a Timmins Chamber of Commerce event Friday. He said hydro rates are gradually easing and the Ontario Liberals have worked hard to rebuild the hydro system in Ontario because it was necessary.;
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The Timmins Daily Press: *Minister defends rate hikes; Thibeault tells soaring hydro rates were needed to rebuild infrastructure*

Ontario Energy Minister Glenn Thibeault said Friday he is ready and willing to face Ontario voters next year over the issue of soaring hydro rates because rebuilding Ontario's electrical system is something that had to be done.

Thibeault, who is also the MPP for Sudbury, was guest speaker at a business lunch hosted by the Timmins Chamber of Commerce.

Part of his speech touched on new legislature, Ontario's Fair Hydro Act 2017, which is due to be passed next week. A news released distributed by the minister said the act would result in lower electricity bills for all residential customers.

Thibeault said this would be a 25% reduction on average. People with lower-incomes and those living in Northern Ontario and rural areas could qualify for even greater reductions of 40 to 50%, he said.

Given that the Queen's Park Liberals have come under a storm of criticism over hydro rates, is Thibeault ready to face the voters of the Sudbury riding and the rest of Ontario in the next provincial election, in June of 2018? Thibeault said yes. "People will see and understand that we brought forward a plan that has brought forward 25% off on their bills, right," he said. "They've already seen 17% and now if this bill passes next week, we will see a 25% reduction on everyone's bills in this province by July 1st."

He added that Northerners are expected to get even more of a discount.

"If you're outside of the city core in Timmins or Sudbury and if you're a Hydro One customer or some of the other ones I mentioned, you can see anywhere between 40 and 50%."

Thibeault said the Liberals have invested heavily in hydro infrastructure since 2003 because prior to that, very little was done and the hydro system was "in tatters".

"No one invested in the electricity system, in (power) lines, in generation. We used to have to spend $700-million a year, just to buy power from the U.S."

He said Ontario did not have the generating capacity back then to meet its daily needs. He said that's when the government decided to spend the money to rebuild the hydro system in a bid to make it cleaner, greener and self-sustaining.

"So, yeah I am fully prepared and happy to defend this decision and the decisions that we have made in our electricity system."

He said regardless of what party was in power in the past 15 years, something had to be done to restore

Ontario's hydro infrastructure.

"Every government of every stripe kicked the electricity issue to the curb. No one was actually talking about making sure you pay the real cost of electricity. People were freezing rates. Other parties were talking about we will do this or we will do that. But no one actually talked about rebuilding the system."

He added that Ontario had no choice. The province was experiencing power outages and rolling brownouts regularly.

"Some of us can remember being told as a business owner, please don't turn your air-conditioning on and shut your lights off during the day today, otherwise our system is going to crash," he recalled.

"And then in 2003, the system crashed. We had to make these investments. We had to."

As part of his presentation, Thibeault took questions from the audience.

Marc Lauzier, the general manager for Goldcorp Porcupine Gold Mines said mining companies often consider capital investments in Northern Ontario and that energy pricing is always a consideration.

He asked Thibeault to comment on the security of long-term energy pricing needed "to attract the capital investment for jobs in Northern Ontario."

Thibeault said he understood the importance of the issue especially for Northeastern Ontario.

"Yeah, I am the Minister of Energy for the province but I am also the MPP for Sudbury and mining is paramount for both of us that do live in our communities," he said.

Thibeault said the province still has the Northern Industrial Electricity Rate program, also known as NIER, which offers discounted hydro rates. While many Northern Ontario companies qualify for the discount rates, Thibeault admitted many do not. But things could change, he said.

"We are working hard and we will have some very good news, knocking on wood, in the very new future," said Thibeault.

"When it comes to long term energy pricing, right now we are working hard on the 2017 long term energy plan."

He said the government is still trying to get a better handle on where energy prices are headed this year, and whether the government can find more cost savings. He said savings so far have resulted in roughly a 4% savings for large mining companies.

Thibeault said it is his belief that in the longer term, there will be more savings.

"We're looking at again billions of dollars in savings that we should be able to have in place by 2021."

Thibeault also said Ontario should be proud of the current hydro system that is built and being improved on because it is a safe, secure and reliable system.

"Others have been looking to us to see how we have been able to build the system that we've built," he said. "Now my focus is on affordability and making sure that our large industries can continue to stay here and expand and grow and that our families are able to afford it."

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The Sault Star

Wynne's Hydro plan is debt and more debt

If any one financial blunder sums up 14 years of Liberal rule in Ontario, it's Premier Kathleen Wynne's, ahem, "Fair Hydro Plan".

That's because the same Liberal government that made Ontario the most indebted sub-sovereign borrower in the world, is now trying to solve its biggest political problem, soaring electricity rates, by taking on more debt.

Wynne's $45-billion plan to give hydro ratepayers a $24 billion temporary reprieve on their electricity bills, will cost Ontarians $21 billion over three decades, according to Financial Accountability Officer Stephen LeClair.

But that's only if the Ontario government can maintain a balanced budget for 29 years, which is never going to happen, given Ontario's fiscal track record.

If, as will inevitably happen, future governments have to take on more debt to finance the $21 billion cost of Wynne's plan, then, LeClair warns, the final cost to taxpayers could soar from $45 billion to as high as $93 billion, depending on interest rates.

But it gets worse. As LeClair notes: "The government's electricity cost refinancing initiative involves a complicated accounting structure that will increase gross debt by approximately $26 billion by 2027-28, but does not impact the Province's net debt due to the creation of a regulatory/investment asset. If the creation of (this) asset does not meet with public sector accounting standards, then the Province's annual surplus/deficit would deteriorate by a total of $26 billion over the next 11 years ...

"The Financial Accountability Office recommends MPPs obtain assurance from the Office of the Auditor General that the Province's proposed accounting treatment will not impact the Province's annual surplus/deficit and net debt."

If that statement inspires confidence in you about how Wynne's plan is going to roll out over the next 30 years, we have some ocean front property in Alberta to sell you.

Once again, the Liberals are pretending there's a free lunch.

That is, that you can ignore public debt by shifting if off the government's books into a newly created account overseen by a newly created agency, and that there will never be a day of reckoning when you have to pay it back, with interest.

We can't afford this Liberal "logic" any longer.