Scrums After Ontario's Fair Hydro Plan Announcement

March 2, 2017

Location:			
Ontario Room South, MacDonald Block			
Speakers:			
MPP Todd Smith; MPP Peter Tabuns; Tom Adams, energy analyst.			
Media Attendance:			
	Print – 13	TV – 17	Radio – 2
Media Outlets:			
Jones – CP; Benzie – Star; Ferguson – Star; Cohn – Star; Selley– Post; Jeffords – Sun; Zochodne – QP Briefing; Smith Cross – QP Briefing; Crawley - CBC Radio/TV; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Lewkowicz – Newstalk 1010; Qureshi – 680 News; Carter – Global; Bliss - CTV Ontario; Rath - CHCH Television; Tumelty - City TV; Morissette – TFO; Lagogianes – CP24; Cruickshank – iPolitics; Smith – QP Today; Paikin – TVO; McGrath – TVO; Howorun – CityTV; Gordon – Freelance; Nickle - Metroland			

Media Questions:	
Questions for MPP Smith:	
(Joined in progress) how much the Liberal re-election campaign is going to cost in Ontario – $5.7 billion a year is what they're going to pay – Ontario taxpayers are going to pay that. This is the cost of moving the global adjustment to OPG. This is the cost of the 8 per cent rebate of the HST, which is a billion dollars a year. This is a massive, massive hit to the taxpayers of Ontario. I think the thing that the Liberals are forgetting here is that taxpayers and ratepayers are the same people. This is the cost of the Liberal mismanagement – $5.7 billion a year, not just for a year, over the next 30 years. This is a maximum $172-billion cost. I've got two teenage girls at home. Their kids are going to be paying for this. It's just unacceptable.	
Q. Benzie: So Todd what would a Progressive Conservative government do? Because we don't really – we haven't heard a plan from – from Patrick Brown yet. What's – what's your plan for rate relief?	You know, back to my – my two girls, one thing I learned when they were growing up is that you don't clean up the mess until you see what the kids are done if they're done making the mess. Clearly we're seeing today that this Liberal government isn't done making the mess. They're continuing to add costs into the system. $172 billion over the next 30 years, and not only that, they're continuing to proceed with the FIT program. Tomorrow is the date for the next phase of the FIT program. We're going to see more of these expensive contracts going online.
Q. Benzie: Okay, well so what would you – what would a conservative government do? If rates are going to go down by 25 per cent this year under this plan, and the NDP's saying that rates could go down by 30 per cent under their plan, what's a number that (inaudible) rates would go under – under whatever plan you guys are devising? Well,	No, well the one thing that we aren't going to do is rush into this. As you clearly saw, this is a $20-billion system and we've seen what writing a plan on the back of a napkin can do. It can result in your grandkids paying the costs over a 30-year period. So we're not going to do that. We're taking our time to make sure we get it right, and we want to make sure that what we do provides relief today that won't burden our grandkids in the future like

first of all, what is the plan? And how much would they go down if you guys are elected? It's not complicated question.	this plan does. This government has saddled taxpayers in Ontario –Ontarians – for the next 30 years with the mistakes that they've made paying their Liberal friends for all of these renewable energy contracts. It was interesting when I sat down today for the briefing, on page one of the deck that was provided to us, it said that generation is responsible for 64 per cent of the costs in Ontario. And then, if you turn to page 2, it says generators will be unaffected by this plan. So the government doesn't realize what the root cause of the soaring cost of electricity is and that's these contracts that they've signed with all of these generators, all of their Liberal friends, with billion-dollar subsidies attached to them.
Q. Unidentified: (inaudible) Ontario keeps getting hammered with unaffordable hydro. What is it – (inaudible) see people pay a fair price, but if they can turn the lights on. How is that fair?	And you know what? John Tory was the leader of the PC party when we did a study and released it on the effects of the Green Energy Act and what the impact would be. And back then we told this government, Dalton McGuinty and Kathleen Wynne, that these were going to be the results: multi-billion-dollar increases, $1,200-a-month hydro bills for people in rural Ontario. They ignored that. They ignored the experts in their own ministry. They ignored their experts – the experts at the Ontario Power Authority, and this is the end result. For 30 years we're going to be paying off these Liberal mistakes thanks to the Green Energy Act and it's just completely unacceptable.
Q. Unidentified: With due respect, that wasn't the question. Would you rather see people paying higher hydro rates today? In other words, people out there want to get the lower price.	No, we're going to bring forward a plan that is going to result in lower rates immediately. That's our plan. That's the mandate that Patrick Brown has given me. We were waiting to see what the Liberals were going to do to clean up the mess that they've created. (Inaudible) we know what they're going to try and do, and they're going to make our grandkids pay for it. That's what today's announcement was. We are now going to come back with an actual plan that's going to reduce rates immediately and it's not going to burden our grandkids.
Q. Lamoureux: Do you think it's going to help them be re-elected next year?	Well that's – again, that's the cost of what they have announced today. This is the Liberals using public money to pay for their election campaign. We saw this back in 2011 in the election campaign when they cancelled the gas plant. That cost us $1.4 billion in taxpayer money. Today – and it's amazing to me to hear the Premier say that she realized that this is a problem a year out from an election. I mean, this has been something that we've been talking about since the Green Energy Act was an idea in George Smitherman and Dalton McGuinty's head. This was something that was going to cost ratepayers in the province billions of dollars on their electricity bills. And now it's going to cost everybody in Ontario because of the mismanagement of this Liberal government and this wrong-headed decision to go down this road.

Q. Lagogianes: What is the plan?	Yeah, the solution will be coming in time. You know, I'm not going to commit to anything today as I said earlier we wanted to see what the Liberals were doing to try and clean up the mess that they created. This is on the Liberals. We saw a graph today in the – in the room that showed us that the price of electricity has gone up 60 per cent since the Green Energy Act came into effect. For rural ratepayers it's gone up 600 per cent. We're seeing bills of $1,200 a month, completely unacceptable but not unexpected because we knew this when the Green Energy Act was just in its infancy.
Q. Smith Cross: I understand you guys are trying to take your time with this, but what do you say to the people who feel like they can't afford to wait for change until your policy convention in November?	We're unfortunately we're not the government, so whatever we announce, we're not going to be able to bring that change immediately. But what we're going to do is bring forward a real plan that's going to result in lower electricity costs and not burden our kids. This is a desperate ploy by a desperate premier and a desperate government. We've never seen a premier with approval ratings like this, and this is what it's going to cost for her to get elected: $172 billion over the next 30 years and I think that's too much for the people of Ontario to pay for a government that got us in this mess in this first place.
Q. Smith Cross: Should people be concerned though that the PCs can't make a decision quickly when something needs to be done?	No, absolutely not because it's making decisions on the back of napkins that got us into this mess in the first place. So we're going to actually meet with energy experts and make sure we put a plan on the table that reduces the rising cost of electricity. The government didn't even touch the issue of generation costs today. And that's the biggest driver in the electrical system. They're simply mortgaging our kids' and our grandkids' future to the tune of $172 billion to pay for their mistakes.
Q. Smith Cross: But how long have you known this is a problem?	We've known this is a problem for a long time, but we wanted to see what the Liberals were going to do to try and clean up their mess.
Q. Cruickshank: Do you want to see them renegotiate those contracts?	Absolutely, yes. It has to be done. It's – as I say, it's a 64-per-cent of the cost in the electricity sector is generation, and – and on this page right here it says, 'generators are going to be unaffected by this proposal.' So they're not – they're not tackling the biggest issue on why costs are rising in the system. They're just simply mortgaging the future of our kids and grandkids.
Q. Cruickshank: So the NDP proposed renegotiating those contracts, but there's also concern that it would cost a lot to renegotiate. So how do you – how would you balance that?	You know what? We – first of all, we have to stop putting these – this new generation on the grid, so I don't know if you were here earlier, but you know, the government has not understood that that is the biggest reason that costs are rising. So tomorrow, they're releasing the next phase in their procurement process for FIT – the FIT projects. So more of this is happening. So first of all we have to stop putting those contracts up and paying those generators. And – and second, we will have to

	renegotiate with those generators because that's – that's where the cost is coming from. That's where the major increases in cost is coming from.
Q. McGrath: Does the government have – (inaudible) this government (inaudible) very unpopular government with like 18 months left, does they – do they have the moral authority to make these kinds of decades-long changes?	No, and unfortunately this is nothing new from this government. They have made a complete mess of the electricity sector in the province of Ontario. They don't have the moral authority to make these changes. This is something that is going to impact generations. This isn't – this isn't just like canceling the gas plants, which was their election move in 2011 – which ended up costing us $1.4 billion and ended up with natural gas plants being built in places where we don't need the power. So – so they've continued to bungle this file. How can we trust them going forward to make this kind of massive decision to spend this kind of money? Basically what they're doing is creating a toxic debt over 30 years. I had to laugh when the Minister of Energy said – and I'm not sure who asked the question – but when the Minister of Energy said that, you know, you know, when you – when you have a house, I believe the question was at least at the end of the mortgage you have a house that you can sell. He's saying that these solar voltaic solar farms and installations are still going to be of value in 20 years at the end of this – or 30 years now at the end of this. There's no way that's going to be the case. These are assets that have no value.
Q. Smith Cross: Where would you spend the money on (inaudible)?	Well, that's a good question. I'll leave that for Patrick, but certainly it shouldn't be spent on cleaning up the Liberal mistakes that have been made. It's – it's embarrassing honestly what has happened on this file, so Patrick's going to have some – some announcements –
Q. McGrath: Are we going to see a Tory plan before the October policy conference?	I got to get back for Question Period.
Q. McGrath: So that's a no. We're not going to see a Tory plan before October.	I can't answer that right now John.
Questions for MPP Tabuns:	
There's no question that people need relief on their hydro bills. They've been paying too much; they've been paying it for too long. But what we see here today is the Premier is gonna borrow a ton of money in advance of the next election. And that'll give us lower prices for a while. But frankly, you got to ask, is this going to be a lot better for bankers than it's going to be for electricity customers. This past Monday we came up with a plan to actually deal with the structural problems in the system; deal with the privatization; deal with time of use. I haven't seen any of that from this Premier. And if she doesn't deal with the structural problems ,all of the difficulties we have – all of the high prices we're dealing with; we're going to be dealing with again in the next few years.	
Q: Ferguson: Are you talking mostly, about – in a large part - about trying to renegotiate contracts?	No, It's not just a question of renegotiation, it's a question of stopping privatization - to stop the privatization of Hydro One, as contr -

Q: Ferguson: (inaudible) stopping the privatization gonna change hydro bills?	Ah -
Q: Ferguson: (inaudible) says that it doesn't work that way because the OEB sets rates.	Well frankly I don't have any great confidence in the OEB. We've already heard from them about the fact they don't check the applications from people who come in (inaudible) for higher rates. That was very clear from the Auditor-General. I don't believe in what this Premier is saying with regard to the OEB protecting us. And really, that the Liberals have any credibility on hydro prices after what they've done in the last few years? I don't think they do.
Q: Rath: Is this all gonna cost more money to the people of the province?	It looks like it will. It looks like we're talking in the tens of billions of dollars to buy down hydro rates in advance of the election. Yes. Could be very expensive.
Q: Carter: Why is that a bad thing?	Because, frankly, people are going to get stuck with bigger bills later down the road that they're gonna have difficulty meeting them. We don't know what is gonna be a total cost for doing this. We have their guess – and we're talking in 10, 20, 30 billion dollars. It's a lot of money.
Q: Carter: When do you think we're gonna have to pay the piper on this, based on what you're seeing?	That's not clear from what's been put forward now, but sometime over the next five to 10 years we'll be dealing with the with the higher costs that will come from the debt that's being incurred now - to allow this government to get through an election.
Q: Rath: Did they make any sense – did he; did she make any sense when she was talking about that we will still have assets left, like windmills and solar farms? Don't those things have lifespans – it will be expired in thirty years?	They do have a life span. Many of them will have been up for 10 years now. I'm not sure they're going to be around 40 or 50 years, which is when this plan expires.
Q: Unidentified (Global): So, what do you think here, don't you think consumers are gonna be happy to get a pay cut when it comes to ah, -	Well, Let's face it, people desperately need some sort of relief. They've been hit hard. They've been paying bill more than they can afford. What we're looking at today is the Premier talking about borrowing 40 billion dollars to buy down electricity rates before the next election. This is going to be very expensive for Ontarians. It's gonna be very expensive for ratepayers in (inaudible) to come.
Q: Lamoureux: (in French) But will this help people how have very high hydro rates right now?	(In French) A little right now but it is a wonderful thing for the banks but for people who must pay, this is very expensive.
Q: Lamoureux: (In French) Have the Liberals just assured themselves to be re-elected next year?	(In French) Yes. This is about the election in a year from now for the Liberals. It's all about reducing the price of electricity and doing it with a credit card.
Q. Unidentified (Global): But, clearly, the	That's right. That's why, this past Monday we came up

Ontario government doesn't print money, so if you're gonna cut rates, you gotta find that someplace else, right?	with a plan to deal with rates by actually dealing with the structural issues; getting rid of time of use; phasing out the privatization of Hydro One. If the Premier isn't going to address those structural issues, then she's not going to address the fundamental problems that are driving up rates. She's, she's put a very large Band-Aid on this problem - very expensive Band-Aid! But she hasn't dealt with the structural issues. She hasn't even talked about them.
Q: Lagogianes: (inaudible) do you buy its spirit? This kind of social program, and part of your turf.	Ah, Part of what was announced today is partly a social road block. So part of what was announced today is, in part, a social program. But, the big issue is borrowing tens of billions of dollars to reduce hydro rates before an election. And that's the story here. Bankers will be extremely happy. People are gonna be stuck with a very big bill.
Q: Jeffords: Do you think there's any other way to do it?	Yes that's what we were saying earlier this week - you have to stop the privatization of hydro one over the next few years. Reverse the privatization of the generation system. You have to get rid of time of use. You have to use some of the money that we're now making OPG pay for the hydro dams; help people reduced their rural rates. But you have to deal with the structural issues. If you don't deal with those, all this reproduces itself again in a few years
Q: Crawley: But, Peter, (inaudible) people just care about bottom lining their hydro bill. So, and, (inaudible)	I think people are very hard pressed right now and they will want immediate relief, but they do need to understand that the bill will come due another day and it will be a very big bill
Q: Nickle: But could, could your plan actually provide that kind of immediate relief for world ratepayers.	For, for rural ratepayers, yes. We were looking at the range of 25 to 30 percent reduction dealing with the extra money they're paying for delivery charges. Our plan would deal with that. People who are on time of use – dealing with the problems they face – we're looking at about 20, 30 percent reduction. So yes we could make those sorts of impacts. Thank you very much.
Questions for Tom Adams:	
(Joined in progress) Dwight Duncan was first made energy minister after the 2003 election. He was in was in the same situation that the next energy minister will be in. His line at the time was consumers have to pay the real cost of electricity. What's happened here is Ontario has lost the kind of political wherewithal to pay its power bills as they come due. And so we just decided to kick it down the road.	
Q. Unidentified: If you live in the city and you are living efficiently, you are sort of getting kicked for doing that, aren't you?	It's a pro-rata subsidy right? So smaller user benefit less. Smaller units push fewer costs into the future than large users.
Q. Unidentified: People will pay less money. That is what a lot of people want, right? If you are (inaudible) and you are paying	Your immediate bill goes down. Overall costs for servicing Ontario's responsibilities, it's dramatically increased by what's happened here. None of the

through the now, you are going to save money, right?	announcement that we have heard here have affected what is called the revenue requirement. That is the fundamental driver underneath the system where the dollars flow out under all the contracts and all the regulatory decisions so that the distributors and the generators and the transmitters are all unaffected by what's happened here. What's happening is by not paying all the bills we accumulate this rising liability, interest accrues to it, the burden of OPG other financial responsibilities become more difficult for OPG to carry because its balance sheet starts to get contaminated with this toxic waste.
Q: Crawley: You're an analyst that you have all this knowledge. The average person just cares about the bottom line on their power bills. Aren't ordinary people going to be happy with this kicks in?	Well this is all about future generations right? And in fact what we've seen is transition when the policies that really started to dramatically increase the cost of electricity started to get implemented mostly around 2005 and 2006 but really most dramatically with the Green Energy Act in 2009. The messaging that justified that and there was a lot of people onside with it was that we had to do something for future generations for their benefit. So what's happening here is like a 180 degree reversal Frank like a complete flip of how the political process regards future generations. Now future generations are a dumping ground for waste for costs that we can't seem to figure out what to do with it. [end audio]
	(joined in progress) really trying to live within our means for the cost of electricity, we have to address is what's called the revenue requirement. That's the total amount of money that has to be collected from customers to pay off all the generators, transmitters, distributors, and all the program costs that go with it. So unless you're dealing with the revenue requirement, you're not dealing – like you're just playing these shell games of shifting stuff around, right?
Q. Lewkowicz: And how do you handle that? Change the –	So – so you got to go after the factors that are driving up the revenue requirements and the – and the main item (inaudible) I mean there are several items that need to be addressed, but the main item is unneeded power contracts, right? Ontario is a vast exporter of electricity, so we – we're – we've several years ago far exceeded Manitoba Hydro as Canada's number-two exporter. Hydro-Québec's a bigger exporter. We exported to gigantic loss. And notwithstanding that fact, the Ontario government's right now in the midst of signing new contracts, adding to the whole, you know, the entire problem. So we got to unwind ourselves from the bad contracts. We have to address things like excessive compensation in the electricity sector. You look at these big Crown agencies, particularly OPG and Hydro One, their overall labour cost are far, far above market. So we got structural problems (inaudible) that are driving the

	power system's overall cost. Nothing happened here today addresses those structural problems.
Q. Lewkowicz: Why do you think the government wouldn't do something like that (inaudible) bring immediate relief before an election?	Yeah, and it's hard to do. A lot of – a lot of what's caused the – the out-of-control character of these cost increases has arisen from the government's legislative program, particularly the Green Energy Act. It was McGuinty's kind-of hallmark – I mean his defining moment. There's a guy who've bailed on every electoral promise that he ever made, but his one distinguishing feature was that he passed this Green Energy Act. And – I mean, with the support of the NDP, so (inaudible) over the course of the last week, we're (inaudible) NDP come out with their plan. And we – and the Liberals now announcing their plan, and they – they can't bring themselves to make – to pull the plug on the structural mistakes that they made that have caused the system to become a parasite on the Ontario economy. Electricity used to be, you know, something that was a strength of the Ontario economy. Now it's parasitic today and into the future.
N.B.: Comments captured are not verbatim quotes	

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