Afternoon Energy Media Summary - May 23, 2018

From: "Wade, Helena (ENERGY)" <helena.wade@ontario.ca>
To: "@ENERGY All" <energy-all2@msgov.gov.on.ca>
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Good afternoon,

Here is a roundup of today's news:

- This election won't solve the power bill problem – *Ottawa Citizen* (Op-Ed)
- InnPower's hydro rate increase approved – *Innisfil Journal (Simcoe.com)*

Please see below **Today in Twitter** for news articles:

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- @DrJacobsRad - This type of misinformed ideologically based decision is exactly what will bury Ontario's economy. Not only is Pickering our last and best source of reliable and carbon free energy, it is also our only source of medical radioisotopes! # Onpoli # Onhealth torontosun.com/news/provincia…
- @Tiltwallontario - What would you do if you could get a 35% discount on your monthly energy bill? tiltwall.ca/news/ontarios-… # TiltUp # Energybill # Savings # Construction # NewHome # Building # Savings # Ontario # Canada # Sitecast
- @ForgeRat - You'll soon notice Ontario manufacturers of energy efficient improvements to your homes will blitz media with ads for their products. It's not because they suddenly found money but because a Doug Ford victory means an end of $1.9 billion fund to reduce YOUR energy costs. #onpoli
- @StephenLeahy - Have a lot of Hydro. Ontario nuclear experience has been extremely costly - plants often require multibillion dollar refurbishment. Better to improve energy efficiency which is amongst worst in the world
- @kramer_becky - The Washington Utilities and Exchange Commission grilled # HydroOne execs yesterday about the Ontario provincial government's 45 percent in the Canadian utility, which is poised to buy # Avista . spokesman.com/stories/2018/m…

This election won't solve the power bill problem
Randall Denley
Ottawa Citizen
May 23, 2018

This Ontario election is said to be about change, but neither of the other major parties is promising to change the single worst policy instituted by the Kathleen Wynne government.

Instead, they say they will leave the so-called Fair Hydro Plan in place and double down by reducing power bills even more.

Ontario voters need to wrap their heads around how much this idiocy is going to cost us and the bogus justification for the plan, which artificially reduces our power bills by 25 per cent and borrows money to make up the difference.

Thanks to the auditor general and the financial accountability office, we know the Liberal scheme will cost us $21 billion in interest over the 10-year life of the power discount. That interest, and the borrowed principal, will be tacked on to future power bills, meaning people in 2028 will be paying for power they used in 2018. The Liberals euphemistically call this the “clean energy adjustment.”

To put that $21 billion in context, people still talk about the $1 billion it cost to cancel a couple of gas-fired power plants back in the Dalton McGuinty era. That was chump change in comparison.

The justification, besides political butt-saving, is that the government is spreading the high cost of building a clean, modern power system over a longer period of time. It is likened to stretching out a mortgage.

This is an argument that is incorrect in every respect.

The public hasn’t paid the capital cost of the big gas, wind and solar expansion, there isn’t a mortgage and we haven’t built a modern and efficient system.

There has been a huge expansion of Ontario’s generation capacity, but it was built by the private sector, not the government. Between 2004 and 2014, the government agreed to new power contracts that amount to about two-thirds of Ontario’s generating capacity, the auditor general says.

These contracts were not subject to normal rate regulation processes, which enabled the government to offer extremely high prices for that new power.

The public doesn’t own those natural gas, wind and solar plants, or any debt attached to them. The power bill reduction is not based on refinancing the cost of an asset, as we are led to believe. The cost we are postponing is for current consumption, not for long-term capital expense.

We are not stretching out a mortgage. The Fair Hydro Plan is more like going to one of those pay-day loan joints to pay a basic utility bill.

But what about that clean, green modern power system? Despite the solar and wind spending binge, they supplied only seven per cent of our power last year. The gas plants are overbuilt but seldom used, supplying only four per cent of power. That’s one-seventh of their capacity. It’s all ridiculously inefficient.

The vast majority of our power, 89 per cent, was supplied by nuclear and water power, just like it was before the over-hyped green power revolution.

And let’s not forget the other part of equation, the power transmission that is the prime purpose of Hydro One. It is also implied that the company is in top-notch shape thanks to that spending we now have to stretch out.

Not quite. The auditor general's last report on Hydro One was in 2015. She noted worsening reliability, increasing costs, more frequent power outages and poor maintenance of assets. Between 2010 and 2014, outages lasted 30 per cent longer and occurred 24 per cent more frequently. The accumulated replacement backlog for assets beyond their expected life was $4.5 billion.

The power system is a huge mess than the next government will have to tackle, yet all parties argue that today's power costs are unaffordable and promise to solve the problem by making those costs much higher in the future. Have their brains shorted out?

Randall Denley is an Ottawa commentator, novelist and former Ontario PC candidate. Contact him at randalldenley1@gmail.com

InnPower's hydro rate increase approved
Janis Ramsay
Innisfil Journal (Simcoe.com)
May 23, 2018

Innisfil residents are now paying more on their hydro bills, thanks to an increase to the InnPower Corporation rates.

More than a year ago, InnPower applied for an increase to the Ontario Energy Board, originally asking for $10.69 for an average monthly bill.

Last spring, the application was changed to $8.59.

And recently the board approved an increase of $7.54 for an "average user" at 750 kWh a month.

"We're not the highest utility (rate) in Ontario, but we're in the top 10, we will admit to that," InnPower regulatory conservation manager Brenda Pinke said.

She explained the rate is retroactive to Jan. 1, which means residents will see a few extra dollars on their bills in June to reflect the increase.

Pinke knows the increase won't sit well with some customers, and the utility is ready to answer any questions people have.

She noted more than $4 of that increase is thanks to a change that is being mandated by the board.

Hydro companies have five years to switch over to a fixed volumetric rate.

Before, half of InnPower's distribution cost was fixed and the rest was based on how much you used.

Within two years, every customer will pay the same — whether you use a lot of energy or not.

Customers who don't consume a lot of hydro, like people in Sandy Cove Acres, will take more of a hit to their bills, Pinke added.

“If I have low consumption, there will be little help for them,” Pinke said. “They are going to be upset.”

But conservation is still key, it does help your bill overall, Pinke said.

InnPower is owned by the town and is considered a small utility, with only 20,000 customers — the bulk of which are residential.

“We have a high residential cost, unfortunately, because we do not have a lot of small or large businesses,” Pinke said. “When we do, we can start allocating costs to the right category of customers and we will start seeing lower spikes in costs.”

As growth occurs in Innisfil and the annexed lands in Barrie, improvements will come with that densification, Pinke said.

For more information, visit innpower.ca.

Helena Wade
Program Officer – Media and Issues
Ministry of Energy
647-622-4138