Re: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

From: "Bevan, Andrew (OPO)" <andrew.bevan@ontario.ca>
To: "McPhail, Blane (OPO)" <blane.mcphail@ontario.ca>, "Beaudry, Jennifer (OPO)" <jennifer.beaudry2@ontario.ca>, "@OPO-Media Relations and Issues Management" <opo-mediarelationsandissuesmgmt@msgov.gov.on.ca>
Date: Thu, 22 Sep 2016 20:02:38 -0400

Hanks all

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: McPhail, Blane (OPO)
Sent: Thursday, September 22, 2016 8:01 PM
To: Beaudry, Jennifer (OPO); Bevan, Andrew (OPO); @OPO-Media Relations and Issues Management
Subject: Re: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

Sounds good. Will also put together something that can be shared with caucus.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Beaudry, Jennifer (OPO)
Sent: Thursday, September 22, 2016 7:52 PM
To: Bevan, Andrew (OPO); McPhail, Blane (OPO); @OPO-Media Relations and Issues Management
Subject: Re: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

I can work with Blane tomorrow to put together something to send to Evan. I think it would be very useful to send it to him and his producer.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: Bevan, Andrew (OPO)
Sent: Thursday, September 22, 2016 7:45 PM
To: McPhail, Blane (OPO); Beaudry, Jennifer (OPO); @OPO-Media Relations and Issues Management
Subject: Re: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

Thanks Blane, great stuff. Please share the top piece re drc etc With Carly for P.
On the AG piece, should that be shared with Solomon in some form? We need a useable piece for go forward.

Sent from my BlackBerry 10 smartphone on the Rogers network.

From: McPhail, Blane (OPO)

Sent: Thursday, September 22, 2016 6:38 PM
To: Bevan, Andrew (OPO); Beaudry, Jennifer (OPO); @OPO-Media Relations and Issues Management
Subject: RE: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

Sharing the details below as FYI. We'll incorporate into existing KMs.

1. **Value of DRC + HST rebate vs OCEB**

- Removing the DRC saved the average family $65/year (Also 4%, or $5.42/month)
- The HST rebate is an average of $130/year (8%, or $11/month)
- OCEB for these same customers would be, on average, $162.50. (10%, or $13.54/month)
- **Net, these customers are still seeing $32.50 in additional savings under the new set of programs. (2%, or $2.71/month)**
- Keep in mind that over the same time period we also have introduced the OESP (average $430/year to low-income households), and nearly doubled the RRRP (an additional average $324/year for rural and remote customers). Both of these programs are specifically aimed at populations in need of help. That means that our efforts over the past year not only save every family more than they ever did under OCEB (as seen above), but families most in need of help have been given even significant support over and above that baseline.

2. **AG and the $37B**

Third-party quotes courtesy of Energy are below – we'll incorporate into KMs. We'll also do a refresh on the $37B with the Premier.

Bob Huggard , President and CEO of the Ontario Energy Association

- Ontario's Auditor-General has left the province's electricity consumers in the dark. The Auditor-General's recent 2015 annual report mischaracterizes the facts about a decade's worth of upgrades to Ontario's electricity system.
- While the report's implication that ratepayers overpaid for electricity by $37-billion makes for a great headline, the facts tell a much different story.
- The fact is those monies were used to maintain and modernize the electricity system for the province, transforming it from one in severe decline to one we can rely on. Those investments moved Ontario from instability and dirty coal to a model of stability, supported by clean and diverse generation.
- The report concludes that the "market price" of electricity is strictly the day-to-day cost of operating the system, and that anything spent above that "market price" to maintain or improve the system is wasted money.
- The fact remains that a large portion of the alleged "overpayment" has gone

toward maintaining the reliability of the system and making valuable improvements.

- When the cost of this maintenance and the value of these critical upgrades to our electricity system is ignored in favour of headline-grabbing numbers, Ontario energy customers lose out.

David Butters , President and CEO of the Association of Power Producers of Ontario.

- Ontarians had a right to cringe when they read the headlines from Auditor General Bonnie Lysyk's annual report. "Ontarians paid $37 billion above market for electricity over eight years" was how the Globe and Mail reported it.
- But there is much, much more to the price of electricity than just the "market," or wholesale price.
- If the market price of power truly reflected the actual costs of building and maintaining generators, prices would have to be many times higher. The GA allows the fixed operating and capital costs to be managed through a monthly payment spread over many years.
- The AG's report incorporates "serious misconceptions and oversights," around the difference between the "market price" and a fair representation of the true "all-in" price of electricity. Referring to the GA as "excess" payments is simply wrong and does a serious public disservice.

Jatin Nathwani is a professor and Ontario Research Chair in Public Policy for Sustainable Energy at the University of Waterloo.

- The Auditor-General makes much of the increase in global adjustment fees… This is a simple reflection of payments to contracted generators who have invested in Ontario; any suggestion of huge excess costs above market prices does not correctly reflect the Ontario situation.
- More than $30-billion of investment in the generation sector has resulted in a total capacity addition of 13,000 MW and a quarter of a million new jobs. This is not excess cost; it's value creation through new investment on a large scale in generation facilities that will provide electricity for years to come.
- For the end consumer, it's simple: The electricity price charged for the quantity consumed is the sum of these two components – the Hourly Ontario Electricity Price and the Global Adjustment Mechanism.

Mark Winfield is a professor and co-chair of the Sustainable Energy Initiative at York University

- "No new supply would have been built at all on the basis of expectations of the market price for electricity. Suppliers had to be provided with the means of covering the capital costs of new supply. These costs are not reflected in the 'market' price."

From: McPhail, Blane (OPO)
Sent: September-22-16 3:02 PM
To: Bevan, Andrew (OPO); Beaudry, Jennifer (OPO); @OPO-Media Relations and Issues Management
Subject: RE: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

Definitely, we'll start looking into those numbers

From: Bevan, Andrew (OPO)
Sent: September-22-16 2:59 PM
To: Beaudry, Jennifer (OPO); @OPO-Media Relations and Issues Management
Subject: RE: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

Hi,
Could we get for the Premier please the value of taking the DRC off residential bills, that happened when OCEB was discontinued, in conjunction with OESP – so added together drc and HST rebate is more than OCEB. Plus there is oesp for low income.
Also we need to refresh re AG $37B, especially re third party comments from that time.

From: Beaudry, Jennifer (OPO)
Sent: September-22-16 2:45 PM
To: @OPO-Media Relations and Issues Management; Bevan, Andrew (OPO)
Subject: FW: Transcript: Part 1 - Premier Wynne's interview with Evan Solomon (CFRA)

FYI - part 2 coming shortly

PART 1: PREMIER WYNNE: INTERVIEW WITH EVAN SOLOMON

Date: September 22, 2016
Station: CFRA Radio
Length: 12 minutes
Speaker(s): Premier Kathleen Wynne

CFRA: Joining me now, the Premier of Ontario, Kathleen Wynne. Good to have you on the program.

PREMIER KATHLEEN WYNNE: Thanks, Evan. Great to be here.

CFRA: Should we talk about hydro?

PREMIER WYNNE: If you want.

CFRA: If you want.

PREMIER WYNNE: Absolutely.

CFRA: That's what everyone wants to talk about. Okay, your government is giving back, basically, the HST equivalent, right?

PREMIER WYNNE: Yeah, the provincial portion. Provincial portion.

CFRA: So it would be 134 bucks for an urban dweller and about 540 for someone in rural Canada. Okay.

PREMIER WYNNE: Yeah, about 20 per cent in the rural communities. And, yes, eight per cent. But remember, Evan, we had already put in place programs for low-income folks. So the Ontario Energy Support Program helps low and middle-income people. And we already had in place industrial programs. And we are expanding that.

CFRA: Okay, but hang on. Before we get to why it is good, some are already saying it's a wash. You've already lost two per cent because you've already in January cancelled the 10 per cent discount consumers got through the clean energy benefit. So you cancel that. And now you say, 'okay, we are taking away 10 per cent; now we are giving you eight per cent.' My calculator says it's still a two per cent loss for me.

PREMIER WYNNE: But here is the thing, here I the thing. I just mentioned the Ontario Energy Support Program. When the OECB, which is the clean energy benefit was cancelled – because it was phased out, it was a short-term (inaudible) of the bill because of investments that we'd made in green energy and so on. And when we came off coal, off coal. So we've put that in place; it was phased out. And then we put right back in the Ontario Energy Support Program, which helps people who are in the lowest income bracket.

CFRA: Yeah, but not…helps people in that bracket. But still, for the middle-class Ontarian they look (inaudible) they go, 'wait, I lost the 10 per cent, now you are going to sell me on eight per cent; it sounds to me I still lost a piece of the pie.'

PREMIER WYNNE: Well, so, we are doing three things. We've got a three-part plan. Yes, we are taking the eight per cent off everybody. People in rural communities who have much higher delivery charges, that's at 20 per cent reduction. And then businesses, we're expanding the industrial conservation initiative, so that smaller companies can benefit. So we are, we're recognizing, Evan, that there is a challenge. Is it everything? Is it going to solve the problem for everyone? No. And is there more that we need to look at? Yeah. The Minister of Energy is looking at everything. But we needed to take another step. You know, I've been hearing about electricity prices for a while.

CFRA: They've been booing you about it.

PREMIER WYNNE: Well, that was, you know…

CFRA: It was a reflection of how angry people are.

PREMIER WYNNE: Sure. Sure. And that confirmed why it was important that we do something.

CFRA: Okay. My question is : how do you get around this, which is: I'm looking in front of me, I've got the Bonnie Lysyk auditor general report that found this, and I can quote it, "from 2006 to 2014, ratepayers paid more than $37 billion in excess to the overpriced system green energy and bad government planning.' $37 billion from 2006 to 2014. That's your Party. So whatever you are doing now, how do you look at the taxpayer, the ratepayer and say, 'by the way, you've already over-payed $37 billion.' How do you get around that?

PREMIER WYNNE: So we've made very clear and good decision to get out of coal-fired generation in this province. We just came through a summer that is one of the hottest on record. It is not the hottest on record. No brownouts, no blackouts, no smog days. So that decision, Evan, to shut down the coal-fired plants, which is the biggest greenhouse gas pollution fighting initiative in North America. We made that decision and there's a cost associated with that. And the cost associated with that has to do with replacing that power and making sure that we have—

CFRA: But that's not what you said though. To be fair, I'm not saying there's not a cost to replacing. But that – I mean I don't want you guys to pat yourself on the back because Bonnie Lysyk's not saying – and I'm reading a report – she's not saying that's why we overspend. They said they ignored expert advice, there was – I mean I could read, there were power quality issues not corrected, smart meters were not used proactively, excess numbers, spare transformers – I mean I can – You know that. That report's brutal.

PREMIER WYNNE: No, no, it is. And I understand that. But I also know the Minister of Energy has continued to be in conversation with the Auditor General because there are, you know, some differences of opinion around some of the statements there. And that's fair enough. They're in conversation.

CFRA: I know, but $37 billon – can I just say one thing?

PREMIER WYNNE: But that's also over a long period of time and you know, whether that is the exact number or not, that's for the Minister of Energy and the Auditor General to talk about.

CFRA: The Auditor General also said by 2032, we're going to spend another $130 billion over [inaudible]. Like I'm just saying these are not things we can put aside. It's had to sweep $37 billion or a $130 billion under the rug.

PREMIER WYNNE: Well, here's the thing, Evan. As I've said, the Minister of Energy and the Auditor General are in conversation about how exactly what's included in those numbers, and so they will have that conversation. What we know in Ontario is that we've got a 90 per cent clean electricity grid, we have no coal fire generation on that grid now, we've got clean air, and we've got a reliable system. That was not what was in place in 2003. We've invested in over 10,000 kilometres of transmission line. You know, we've made investments in this electricity system that mean that businesses and residences can count on the lights coming on when they flick the switch, which was not what happened – that was not what was happening in 2003.

CFRA: I understand this. If I hire you renovate my kitchen and I think it's going to be done for $10,000 and it costs $200,000 and you say 'but you've still got a good kitchen, you see, we [inaudible] your kitchen'. I'm going to say 'okay, I cannot recommend you as renovator because it's too bloody expensive'. So I guess the question is: yes, you may say the result is that we switched over, but was it worth the cost? The cost to the rate payer, saying that – you're talking about the result but I'm paying the price.

PREMIER WYNNE: And as I said, the Minister of Energy is in conversation with the Auditor General, or has been about those costs.

CFRA: You're saying—

PREMIER WYNNE: Evan, if I'm the mother of a child with asthma, it's worth the cost. It's worth the cost to have clean energy. If I am—

CFRA: But you can't expect – to be fair, Premier, it's worth the cost for sure but that doesn't excuse what the Auditor General essentially called terrible management. And I even read about – you know, she says, look it, she says – Lysyk – there's more frequent outages, mostly because assets weren't fully maintained. Under the Green Energy Act, we're set guaranteed prices higher. Consumers were paying $9.2 billion more for renewable energy. I mean she's saying all this.

PREMIER WYNNE: Yeah, I understand that. And I said to you the Auditor General and the Ministry of Energy are in conversation about those costs and the period over which those are being paid and which of them are included in her calculations and which are included in their calculations. And you know what, I'm not an accountant. I'm not an accountant and I know that numbers get treated in different ways. So the Minister of Energy, when that report came out, had some things to say about it. So—

CFRA: As the citizen – shouldn't trust the Auditor General? Are you saying—

PREMIER WYNNE: I think citizens should be able to trust the Auditor General and should be able to trust politicians to do what they need to do to make sure, yes, the numbers are absolutely accurate and that we make the right policy decisions for the health and wellbeing of the people of the province. So, as I said, that mother of a child with asthma is going to say, yeah, it's worth it to have clean air. $4 billion in health care and related costs have not been paid out because of the changes we've made in creating clean energy in this province.

CFRA: Okay. Patrick Brown was on the program. And he said one of the big problems is your government made a lot of bad deals to dump excess energy, and we're paying $200 million back in June to basically dump electricity at a loss. So we export at the hourly Ontario electricity rate, the flat rate, we can go through the numbers, $15.31 per megawatt hour. But what's happening is that we're just not getting money back. So we're losing money.

PREMIER WYNNE: That's not true. But that's just not true. We get money. We pay, we buy, we sell, we buy, overall—overall, there's a net benefit to the province. So you can look at a particular moment, and the cost may not be a wash. But overall there's a net benefit to the province in the buying and selling of power. And jurisdictions do this all the time. Quebec does it, the United States south of us do it—

CFRA: (inaudible) cause here's how I understand it, that we—the cost to produce and transmit electricity is significantly higher than what they're buying it for. So yes, overall, the province makes—and I talked to your (inaudible) $200 million. But we're still paying more for that electricity. So we—yes, that goes into general accounting, $200 million, but we're—the ratepayers are still paying, subsidising I think $221 million?

PREMIER WYNNE: Well, we have arrangements with other jurisdictions to make sure that we don't have a shortage at a particular time. Overall, the province benefits. And one of the things we're doing right now is we're working with Quebec to set up an arrangement where in peak hours and off-peak hours we do a trade of energy. We're continuing to work with Quebec to see if there is more opportunity for us to trade energy to work across the provincial border. And I think that—

CFRA: (inaudible) with the U.S., we're dumping electricity in the U.S. Some people say—

[speaking simultaneously]

PREMIER WYNNE: It goes both ways. It goes both ways. The trading and the selling and buying goes both ways. Overall there's a net benefit to the province.

CFRA: There's a net benefit. Okay. I've got one minute before we've got to take a break. One more issue. You and I both know that the NDP and others, even the Conservatives (inaudible) about the selling of 60% of Hydro One. They say you've got to stop doing that, it's something that people don't like, it's an asset to the province, it actually should not be privatised. What's your answer?

PREMIER WYNNE: My answer is if we don't recycle that asset, that's what it is, we're broadening ownership of Hydro One so that we can buy and invest in new assets. So that includes things like the LRT in Ottawa, you know? Phase 2 of the LRT in Ottawa needs hundreds of millions of dollars in investment, and if we don't have a way to make those investments, Ottawa won't be as well off, jurisdictions around Ottawa—

CFRA: (inaudible) but you're—

PREMIER WYNNE: That's how you build infrastructure. You build roads and bridges and transit by having the capital dollars to invest. And Hydro One is an asset that people in the province have owned for a long time. We need new assets that people in the province can own for a long time. And that's why we need to make those investments. We're retaining control, 40% control of Hydro One. The right to remove the board. The hydroelectricity rates are not set by Hydro One. They're set by the Ontario Energy Board. And that will continue to be the case.

CFRA: Okay. Let me take a short break. When we come back, we talk more about the challenges facing the province of Ontario, not just power, although that's been the big issue. Pretty tough poll that came out. Politicians face polls all the time. We'll talk about that with Kathleen Wynne. Also the deal with the doctors and other issues.