

FW: Summary -- PC Reaction to FAO Fair Hydro Report

From: "Nelson, Dane (TBS)" <dane.nelson@ontario.ca>
To: "Hosick, Sarah (TBS)" <sarah.hosick@ontario.ca>
Date: Wed, 24 May 2017 12:48:49 -0400
Attachments: Auditor General on Fair Hydro.pdf (109.66 kB); PC Reaction - FAO Fair Hydro Report-May 24-17.doc (59.39 kB)

Hey please see below. I couldn't find your name but I know you were interested in what the AG would say at the Standing Committee on Justice Policy.

Regards,

Dane Nelson, Senior Policy Advisor

Treasury Board Secretariat | Deputy Minister's Office

Phone: 416-325-3617 | Mobile: 416-409-3437 | E-mail: Dane.Nelson@ontario.ca

From: Doose, Ann (TBS)

Sent: May-24-17 12:11 PM

To: @TBS-L-Issues and Media; Ovenden, Erin (TBS); Gallant, Gabrielle (TBS); Ostergard, Matt (TBS); Prins, Sebastian (TBS); Balgobin, Sueanne (TBS); Cusumano, Josephine (TBS); MacIntyre, Kyle (TBS); Nelson, Dane (TBS); Simone, Nicole (TBS); Walsh, Laura M. (TBS); Arbabzadeh, Nina (TBS); Babic, Helen (TBS); Bain, Lezlie (TBS); Bryant, Michelle (MOF); Charchuk, Lexie (MCSS); De Monte, James (TBS); Dyczkowski, Marilyn (TBS); Glasgow, Mark (TBS); Haughey, Mary (TBS); Hurley, Richard (TBS); Huynh, Kellie (TBS); Khan, Mateen (TBS); Khandelwal, Nupur (TBS); Krajcik, Sandra (TBS); Laughton, Patrick (TBS); Lecusay, Sussana (TBS); Lin, Kim (TBS); Lisi, Linda (MCSS); Mahabir, Nicole (TBS); Rowland, Bryan (TBS); Serrano, Maurice (TBS); Toner, Amanda (TBS); Tsirtsimpis, Katerina (TBS); Vassilenko, Olga (TBS); Webb, Trish (TBS); Arruda, Artur (TBS); Cheung, Dorothy (TBS); Coghill, Jay (TBS); Foster, Bruce (TBS); Graham, Helen (TBS); Hughes, Karen (TBS); Kennedy, Richard (TBS); Liscio, Joe (TBS); Parkash, Ruchi (TBS); Sharda, Raj (TBS); Whitehead, Cam (TBS); Wuschnakowski, Gary (TBS)

Subject: Summary -- PC Reaction to FAO Fair Hydro Report

Good afternoon,

Below and attached is the summary from this morning's news conference by PC Energy Critic Todd Smith.

Also attached are the remarks by Auditor General Bonnie Lysyk to the Standing Committee on Justice Policy on Bill 132 Ontario Fair Hydro Plan Act, 2017—May 24, 2017

Regards,
Ann

Media Conference -- PC Reaction to Financial Accountability Officer's Fair Hydro Report

May 24, 2017

Event Summary

- MPP Energy Critic Todd Smith held a news conference in the Queen's Park Media Studio this morning, to respond to Financial Accountability Officer's Fair Hydro Report.
- He says this is the 'Unfair Hydro Plan' in that it's unfair for the next generation and then took reporter questions.
- CO transcript is not yet available.

Media QA

- *Toronto Sun* – Antonella Artuso
 - *The plan seems to be predicated on balancing the budget for the next 29 years – how realistic*

is that?

§ Answer -- It's fantasy land really. The Auditor General says we're going to go back to deficits because this government has used one-time funding to get back to balance. Interest rates may rise and this could throw the plan out of whack. It's going to cost \$45-million dollars I'm told.

· Unidentified Reporter

o People are not going to be angry this time next year.

§ Answer -- The government isn't fixing anything. I think a lot of people are seeing through this, this is Kathleen Wynne's re-election plan. People are seeing it for what it is. We've been in committee on this bill and those who have appeared have agreed this is not the way to fix the problem.

● * Toronto Star – Robert Benzie.

o It seems to be working, people like to be bribed with their own money. The latest polls show the gap has closed. Isn't it working?

§ Answer -- A lot of people are saying at committee that the government isn't doing what it should be doing, they're making a mess, not just for our generation but for our kids and our grandkids; the Financial Accountability Officer says so. I think people can't be fooled again. This is the fifth time they're trying to bribe people with their own money.

● * CBC – Mike Crawley

o * We'll have to wait until November until we see your policy plan?

§ Answer – We're getting recommendations in and deciding what we will take to the membership in November.

o Are you going to borrow to take billions of dollars from this electricity system?

§ Answer – We're not going to do that now, we're planning for when we become government in Ontario. We'll have to take a look at the contracts and understand what kind of a mess we're inheriting.

● * Toronto Star—Robert Benzie

o If they're spending like drunken sailors there's going to be a hangover. Are you preparing some tough medicine? Or are you going to make promises like the liberals are doing?

§ Answer – They're making promises but they're being found out. Everything the government has done is for electioneering politics.

● * Toronto Star – Robert Benzie

o * Rates are going to have to go up, this subsidy is something we can't afford.

§ Answer – It's something our members are going to have to decide. We'll have to see what the damage has been done when we get in there. The government's plan doesn't fix, it puts off for future generations.

Updated Media Coverage

Hydro rate-cut will ultimately cost \$21B, watchdog warns (Toronto Star – updated)

Liberal government's "Fair Hydro Plan," which lowers electricity bills by 25 per cent, will ultimately zap Ontarians to the tune of \$21 billion over the next three decades: province's budget watchdog.

By ROBERT BENZIE, Queen's Park Bureau Chief

Wed., May 24, 2017

It's a short-term, hydro-bill gain in exchange for longer-term fiscal pain.

The Liberal government's "Fair Hydro Plan," which lowers electricity bills by 25 per cent, will ultimately zap Ontarians to the tune of \$21 billion over the next three decades, the province's budget watchdog has found.

In a 15-page report released Wednesday, Financial Accountability Officer Stephen LeClair said the scheme will cost the province \$45 billion over the next 29 years while saving ratepayers \$24 billion for a \$21-billion net expense.

But LeClair warned his estimates are only applicable if "the province is able to achieve and maintain a balanced budget over 20 years." If borrowing is required to bankroll the hydro subsidy, the cost could balloon to between \$69 billion and \$93 billion.

Finance Minister Charles Sousa just balanced the books last month after nine years of deficits.

The average monthly hydro bill is now \$156 per household and the 25-per-cent rate-cut will lower the average this year to \$123.

Recent public opinion polls suggest the Premier Kathleen Wynne's Liberals appear to be benefiting from the forthcoming lower electricity prices, as two recent surveys show they are closing the gap with the front-running Progressive Conservatives.

Both the Tories and Andrea Horwath's New Democrats oppose the Liberals' rate-cutting measure. LeClair said it will keep homeowner's electricity costs lower than they would have been over the next decade, although they will be slightly more expensive after 2027.

"Although eligible electricity ratepayers are projected to achieve overall savings of \$24 billion, the savings is not distributed evenly over time," the independent legislative officer wrote.

"From 2017 to 2027, electricity costs are projected to be lower under the (Fair Hydro Plan) compared to the status quo (for a total savings of \$33 billion), while after 2027, electricity costs are projected to be higher under the FHP compared to the status quo (for a total cost of \$9 billion)," he continued.

"This results in net savings of \$24 billion over 29 years."

Last Thursday, Energy Minister Glenn Thibeault introduced legislation for the plan, promising it would spread the costs of big-ticket electricity system improvements in the past decade over a lengthier period of time.

Thibeault likened it to "refinancing a mortgage" to have lower payments now while acknowledging there will be additional interest payments over the longer term.

"We've always said that the proposed Fair Hydro Plan will cost more over the long-term, but it will share the costs of our investments more fairly over a longer period of time, and lower bills by 25 per cent on average starting this summer," the minister said Thursday.

"It's important to remember that the FAO's projection of electricity costs reflects a point-in-time estimate that demonstrates how we can ensure greater fairness and affordability in the short and medium term," he said.

"Later this summer, our government will release the next Long-Term Energy Plan (LTEP), which will take additional costs out of the system and address affordability over the long-term."

Under the plan, any rate increases would be held at the rate of inflation — about 2 per cent — over the next four years.

However, a leaked cabinet document obtained by the Tories — and dismissed by the Liberals as an early draft of the plan — said rates would rise steeply, starting with 6.5 per cent in 2022 and topping out at 10.5 per cent in 2028, when average monthly bills would be \$215.

"Kathleen Wynne's unfair hydro plan is a sham. The government's own numbers confirm it and independent experts confirm it. Rates are going up. Period," PC Leader Patrick Brown said in a statement.

"It's time for Kathleen Wynne to stop covering up the truth: under her plan, our hydro bills will go up. Everything will cost more. This will have a devastating impact on household budgets and the economy," said Brown.

NDP MPP Peter Tabuns (Toronto Danforth) said "the impact is greater than we feared" of subsidizing ratepayers.

Tabuns conceded voters "may be lulled by it," but cautioned that eventually someone has to pay the piper.

"As we talk to people and as the word gets out that, in fact, (Ontarians are) going to be paying a lot more, the credibility of this (rate-cut) bill is going to start to sink," he said.

"There's no question that people feel a real hunger for some relief, but they don't like the idea they're

going to be hit hard in a very short period of time.”

Additional Social Media Coverage

11:43 Catherine Fife

@CFifeKW

Ontarians pay extra \$45B over 29 years, rates rise to \$215/month & #HydroOne sold to Bay St. But Liberals call it a fair plan? #onpoli

11:37 Geoff Zochodne @GeoffZochodne

[. @InfoFAO](#) shows Liberal government plan to "refinance" global adjustment fee on hydro bills more complex than we were first shown.
#onpoli

11:33 Ontario PC @OntarioPCParty

BREAKING: FAO just confirmed the true cost of Wynne's unfair hydro plan: as high as \$93 BILLION. More here: onpc.ca/2pCguz5 #onpoli

11:29 Geoff Zochodne Retweeted

Allison Smith @QueensParkToday 17m17 minutes ago

More

AG Bonnie Lysyk tells committee that Fair Hydro Plan defies accounting standards by not counting debt it is borrowing for 25% rate cut.
0 replies 2 retweets 0 likes

11:28am Geoff Zochodne @GeoffZochodne 18m18 minutes ago

Geoff Zochodne Retweeted Auditor General ON

Liberal government getting an auditor general appearance AND a Financial Accountability Officer report on hydro plan the same day.

#onpoli Geoff Zochodne added,

Auditor General ON @OntarioAuditor

Auditor General speaking to the Justice Policy Committee on Ontario's Fair Hydro Plan. Read her remarks:

http://www.auditor.on.ca/en/content/news/remarks_standing%20committee%20on%20justice%20policy.pdf...

1 reply 1 retweet 1 like

11:28 Auditor General ON @OntarioAuditor

Auditor General speaking to the Justice Policy Committee on Ontario's Fair Hydro Plan. Read her remarks: auditor.on.ca/en/content/new...

11:28 Mike Crawley @CBCQueensPark

PC energy critic @ToddSmithPC isn't saying what his party would do to cut these hydro costs
cbc.ca/1.4128902

11:26 Ontario PC @OntarioPCParty

BREAKING: FAO just confirmed the true cost of Wynne's unfair hydro plan: as high as \$93 BILLION. Sign here: onpc.ca/2pCguz5 #onpoli

11:18 NEWSTALK1010 @NEWSTALK1010

PC Energy Critic Todd Smith says it's "fantasy land" to think the province can balance books for 30 yrs to keep hydro plan costs at minimum

11:17 Ontario Proud @ontarioisproud

This just came out in the last six days. Imagine what Wynne will do with another four years #onpoli

11:17am · 24 May 2017 · Twitter Web Client

11:08 Ontario PC Press @PCPressOffice

NEWS: Kathleen Wynne's Unfair Hydro Plan a Sham: FAO onpc.ca/2qWe5Sa #onpoli

11:08am · 24 May 2017 · TweetDeck

11:03 am Mike Schreiner @MikeSchreiner

It's outrageous for the OLP to buy a \$45 billion band-aide to cover up their hydro mess. #FAOReport

bit.ly/2rhukwn #onpoli