

Message

From: Campbell, David (ENERGY) [David.Campbell2@ontario.ca]
Sent: 2017-06-29 12:03:30 PM
To: Jordan Penic [/o=ExchangeLabs/ou=Exchange Administrative Group (FYDIBOHF23SPDLT)/cn=Recipients/cn=7d23bcd450594583bb40b447b35485da-Jordan Peni]
CC: Coker, Meaghan (ENERGY) [Meaghan.Coker@ontario.ca]; Nikolaichuk, Colin (ENERGY) [Colin.Nikolaichuk@ontario.ca]
Subject: FW: TRANSCRIPT – Todd Smith hydro press conference – June 29, 2017

We've actually received a more complete transcript as well now – see below!

From: Jack Davidson [mailto:jdavidson@liberal.ola.org]
Sent: June 29, 2017 11:25 AM
To: Beaudry, Jennifer (OPO); Ernesaks, Andrea (OPO); Bevan, Andrew (OPO); Forgione, Andrew (OPO); Andrew Rudyk; cbanas@liberal.ola.org; Codd-Downey, Beckie (GHLO); McPhail, Blane (OPO); Bossin, Bryan (OPO); Clare Buckley; Foerster, Carly (OPO); Walsh, Chad (OPO); Jack Davidson; Tomney, Genevieve (OPO); McEachern, Gillian (OPO); Mahbod Haghighi; jgomez@liberal.ola.org
Cc: Campbell, David (ENERGY); Gebremedhin, Ruth (MOECC); Prins, Sebastian (TBS); Moore, Brynne (MOF)
Subject: TRANSCRIPT – Todd Smith hydro press conference – June 29, 2017

TRANSCRIPT – Todd Smith hydro press conference – June 29, 2017

MPP: Todd Smith

Media: Toronto Sun (Sean Jeffords), QP Briefing (Reynolds)

[START TRANSCRIPT]

[in progress]

Smith:

- -- A lot of spin about how hydro rates are going down
- But it's not the fix that we need in our Ontario electrical system
- You'll be seeing yet another rate increase in the very very near future
- Recently hydro One applied to the Ontario Energy board for yet another rate increase
- Means Ontario families will be paying another 141 dollars a year on their hydro bills
- PC's are the only party that have been fighting against this rate hike
- We've sent representatives to the Ontario Energy Board hearings across the province
- I was at one last week in Napanee in Eastern Ontario
- And what we heard there is that people can't afford yet another Liberal rate hike on their electricity bill
- We've seen the electricity prices skyrocket in some regions by up to 300% since the Liberals took power in Ontario
- Yesterday the PC's called on Minister Thibeault to attend the final meeting in his home riding of Sudbury
- But out energy minister didn't show up for his own constituents

- This is the same disrespect and disregard that we've come to expect that this government would show Ontario families
- And it's not just the rate increase the rate payers are experiencing
- Kathleen Wynne's unfair Hydro policy is a sham
- After the next election rates will sky rocket to the highest they've ever been
- Earlier this year a senior official in Ontario's Liberal government told the CBC
- "We've created a bit of a monster" when they described the surging electricity costs in Ontario in the global adjustment
- That might qualify as the understatement of the year
- Thanks to some shocking findings by the Ontario Society of Professional Engineers
- About the waste that's occurring in the electricity system
- It's clear that the mess that that Liberals created is continuing and is only going to get worse
- That's because the Liberals refused to deal with the actual root cause of the problem of why electricity costs are soaring and the systemic problems that they've created in the electricity system
- The Liberals handed out contracts for unreliable wind and solar power because 30 large energy producers donated 1.3 million dollars to the Ontario Liberal Party
- All of these contracts were for power that we don't need
- Now we're seeing the real results of Liberal waste and mismanagement on the hydro file
- And the society of professional engineers have crunched the numbers and we're going to hear those numbers in just a moment
- But we've dumped a shopping shocking 7.6 terawatt hours of clean electricity in 2016
- That's enough electricity to power all the residential customers in the city of Toronto or the entire electrical load in the city of Ottawa on the hydro Ottawa grid system
- You've often heard that the PC's talk about how in signing contracts with Liberal donors they seem to have forgotten about the green cheap and reliable sources of electricity that we already have like our hydroelectric power in Ontario
- We're literally watching our cleanest source and our most affordable source of electricity running down the drain
- I'm going to let Paul and Jonathon talk to some of the further details'
- But I say enough is enough
- If we don't address the structural problems in our electricity system
- If the Liberals keep signing green energy contracts for power that we don't need
- It's going to mean more people are choosing between heating and eating in Ontario
- It means more of our businesses are going to be leaving to other jurisdictions for cheaper more affordable power
- And it's going to mean we are never going to get that Ontario advantage back again
- So I'll turn it over to Paul Acchione
- Of the Ontario Society of Professional Engineers

Paul Acchione:

- Thanks very much
- I'd just like to thank the conservative party here in Ontario for allowing us to come today and present the results from our analysis

- Following a detailed analysis of the year end data issued by the independent electricity system operator and Ontario power generation
- Ontario's engineers have found that the province wasted approximately a billion dollars' worth of clean electricity at full retail rates in 2016
- Totalling about 7.6 terawatt hours
- Or enough power to power about 760 thousand homes for a year
- This represents a %58 increase in the amount of clean electricity that Ontario wasted in 2016
- Which was 4.8 terawatt hours
- All while the province continues to export more than 2 million homes worth of electricity to neighboring jurisdictions for a price less than it costs to produce
- The Ontario society of professional engineers also known as OSPE has shared these findings with all three major political parties
- We are a non-partisan advocacy body and have been providing strategic engineering input to Ontario's minister of energy for more than ten years
- So why is Ontario wasting all of this energy?
- Curtailment is an industry term that means the power was not needed in Ontario and could not be exported and sold to other jurisdictions
- So it was dumped
- It's when we tell our dams to let the water spill over the top
- Our nuclear generators to release steam to their condensers
- And our wind turbines not to turn even when its windy
- The numbers reported by the IESO and the OPG that engineers have analyzed shows that Ontario's cleanest source of power is literally going down the drain
- And, because we're producing too much of it
- Speaking as an engineer
- An environmentalist
- And a rate payer
- It's an unnecessary waste of clean energy
- And its driving up the cost of electricity for all Ontarians
- Jonathan is going to include the remarks from the Ontario Society of Professional Engineers

Jonathan Hack:

- Thank you Paul
- I'm the president and chair of the board of the Ontario Society of Professional Engineers
- And I just wanted to say for years now OSPE has provided the Ministry of Energy
- And all three major political parties here in Ontario with numerous actionable requests and recommendations to deliver efficiencies and savings to Ontario's energy sector
- Including reducing residential and commercial hydro rates by approximately 25 percent without the creation of the subsidy and deferral account under the Ontario fair hydro act
- While the majority of OSPE's recommendations have been fully or partially implemented over the last five years
- Saving consumers in Ontario hundreds of billions of dollars per year

- More can be done if government engages Ontario's engineers to optimize the use of the province's clean electrical power system
- It is imperative that we de-politicize the technical judgments regarding the energy mix
- Energy generation, distribution and future investments here in Ontario
- We are very concerned that the government does not currently have enough engineers in Ministry staff positions to be able to properly assess and balance between environmental commitments and the economic welfare when it comes to energy
- We need to involve engineers in policy making decisions
- Engineers right now are being asked to be involved only when the implementation occurs on these policies
- And that is too late
- Engineers can offer far more concrete advice and benefit to the people of Ontario if we are involved in the policy generation arena
- Professional engineers must be given independence in planning and designing optimal integrated power and energy system plans
- Which in turn will benefit all of Ontario
- OSPE is the nonpartisan voice of the engineering profession in Ontario
- And we take its role as a trusted resource and advocate for evidence base decision making very very seriously
- We look forward to continuing to work with all political parties to ensure that professional engineers are given more independence when it comes to planning and designing provincial energy system
- Thank you

Smith

- Thanks to Johnathan and Paul
- Do you have any questions this morning for my guests or me

Jeffords: Paul maybe you can address the spike in curtailment - I think it's 58% over 2015 levels, why is that?

Paul Acchione:

- Right
- The question was why did the curtailment increase
- There's two fundamental reasons why curtailment increased
- One is of course we're generating more renewable energy from – from things like wind and solar
- That has now been installed since they were contracted for some time back
- And much of the wind in particular arrives – or a good portion of the wind in particular arrives in periods when there's relatively low demand
- At night for example
- And during the day when there's a strong wind and strong sun, wind and solar compete for the peak-loads
- And sometimes there's too much
- Even during peak hours
- So that's one reason
- The other reason is we have a fairly good aggressive conservation program
- And people are using less

- If you're using less, there will be more leftover
- What of course we would like the government to do is adjust the energy policy
- So that when surplus clean electricity is available in the province, that could be sold just like you see at your local store at a discount when it's surplus
- So we don't waste it
- And the wholesale market price of that surplus power last year – that clean surplus power
- Not the average of the whole market
- But just when surplus power was available was about a penny a kilowatt hour
- That's cheaper than natural gas
- And if you offer that power at the wholesale price to people who have already paid for the system with their regular electricity consumption
- The market place will pull that power in and displace fossil fuels
- Which is – I assume the objective of all of us is to clean up the environment with the resources that we have available
- Rather than throw them away

Jeffords: you're talking about selling that power to someone, who-who is that? Is that – you know – ratepayers in Ontario by reducing their rates somehow?

Paul Acchione:

- Well what-what happens currently is that a lot of people are thinking of storage to move their electrical around
- Storage is still very expensive
- The technology has not yet developed where we can get cheap storage
- It's much cheaper to do fuel switching
- Fuel switching is something – I'll give you an example
- George Brown recently did some work on – on dual fuel water heaters
- George Brown college
- But they couldn't make a business case for these things
- Because the electricity price was too high
- But if surplus electricity's available say at night
- Or on peak when there's too much wind or sun
- At a penny a kilowatt hour
- That's less than half the price of natural gas
- You can run those water heaters on natural gas at night
- And during peak hours
- When there's too much renewable energy
- And when there isn't a surplus of renewable energy
- Switch it back to gas
- So wa-, water heaters across our entire economy is a si-, significant load and can use up just in that one application most of the surplus
- Although there are, there are other industry sectors that would like to get their hands on it—for example the, the Hydrogen Business Council of Canada would like to get that surplus power at the wholesale rate so they can produce hydrogen for the new hydrogen cars
- Right now, we're producing hydrogen by cracking the methane molecules—the natural gas molecule—it produces almost 12, 12 grams, 12 kilograms of CO2 for every kilogram of hydrogen
- So hydrogen currently is dirty in Ontario because we use it by, by steam-methane reforming
- But if we produced electrol-, electrolytically with, with clean electricity, that hydrogen would be zero-emission

- So these are some of the, the, the things that industry is looking at commercializing, but, but we need a change in, in, in energy policy to allow that surplus power to be discounted and used for some of these environmental, environmental programs that people are trying to develop here in Ontario
- As you know the MaRS centre has some, some amazing work going on but it's very difficult for them to commercialize that, that, that technology if they can't get their hands on that clean surplus power at a reasonable price

Jeffords: Jonathan, I just wanted to ask you, the—you said twice that these findings have been shared with all parties. Do you feel the government is ignoring your recommendations specifically around green energy?

Jonathan Hack:

- We've shared all of our recommendations over the last number of years with all 3 political parties
- And we, we are a bipartisan organization so we're, we're providing equal opportunity for all of the parties to take, to take action and champion some of the, the initiatives
- More recently, this year, some of our recommendations have been adopted but we're saying just more can be done and we're providing concrete examples of what that can be today
- And we're also saying that engineers need to be involved upfront in the public-policy development activity so that you're—we're—not there at the table implementing a, a, a non-optimal solution
- And the, the real savings can be made when you design these systems upfront and you have a proper understanding of the balance that is required between different priorities in the electrical grid

Jeffords: you're here today with the Tories. Are you concerned that the government may dismiss your findings as partisan?

Jonathan Hack:

- Well we, we provided advanced notification to all 3 political parties that we were going to be here today
- We provided the—our statements to, to everyone and the, the Tories have, have taken us up on, on this file
- And from our perspective, we're anxious that the voice of engineering get heard on some of these critical technical issues
- And we're here to, to raise it this morning and we're thankful for the opportunity to do that

Jeffords: Todd, what's your view on solutions? What, what should the government be doing to address curtailment?

Smith:

- I think the, the first thing that they need to do is stop signing having politicians design our energy and our electrical system and allow experts to provide their input
- And certainly we as members of the Progressive Conservative party have been listening to the experts that have been ignored by the government over the last number of years
- We've seen decisions made by politicians—first of all, to enter into the Green Energy Act and create the Green Energy Act that, quite honestly, is one of the biggest disasters of our time, considering the price that we're paying for electricity and the cost that it's having on our business and indus-, industrial community as well

- But we've had several meetings with the Ontario Society of Professional Engineers and many others energy stakeholders
- We're listening very carefully and we're designing our policy for our election platform which will be coming out later this year—or early 2018

Reynolds: you say early 2018, so is that—I think some people will look at that and say, 'is that a pullback?' 'Is that a delay?' What would you say to those critics?

Smith:

- No, I would, I would say that Patrick has been consistent—Patrick Brown has been consistent—from the beginning when he took office as leader of the Official Opposition that he was going to listen to the grassroots members of the Progressive Conservative party and, and also consult with the stakeholders in industry
- And not just energy but all of the major files that the province is responsible for
- We're undertaking a very comprehensive policy advisory committee process
- Meeting with all of our riding associations as well and gaining input from those riding associations
- And building towards the policy conventions in November
- So I think Patrick has been sticking true to his plan from the beginning

Reynolds: Do you have a sense to what extent renegotiation of contracts with distributors would factor in to that?

Smith:

- Yes certainly it's something that the government hasn't considered
- They've come out with their unfair hydro plan which really is unfair
- They haven't actually tackled that root cause problem
- And a lot of those problems stem from the contracts that they signed
- We only have a few examples of contracts that didn't meet the obligations of the contract that potentially could be cancelled without any recourse or any pushback or cost to the taxpayers of Ontario
- We would love the opportunity in July of 2018 to look through all of the contracts that have been signed
- Did companies not meet their milestone dates to be up and running did companies, we companies given special favours by the ministry
- And can there be contracts that could be taken off the grid or curtailed without much cost to the taxpayer and the ratepayer, the electricity customer in Ontario
- I think what both of my guests here have indicated is we have far more electricity being produced in the province than we need right now
- Demand continues to fall and I think we're going to see that demand so far in 2017 is at an all-time low
- Because of the warmer spring that we had and the conservation initiatives that Paul was talking about as well
- We're producing way more electricity than we need and that's resulted in curtailment of green renewable energy at a significant cost
- And as Paul's numbers and the OSPE numbers indicate it's a massive amount of electricity that's being wasted in Ontario and it's a damn shame that it's being allowed to flow over Niagara Falls without being captured
- For electricity on the grid

- These are the kinds of mistakes that have been made because the government didn't bring in experts like the Society of Professional Engineers when they were designing the Green Energy Act
- They could have
- And there were experts that waved the red flag prior to the Green Energy Act coming in to effect
- But the government ignored those experts and instead decided that politics outweighed good policy