

Ontario Election 2018 Outlook

March 26, 2018

Under Ontario's fixed 4-year election cycle, the next Ontario provincial election is scheduled for June 7, 2018. This note outlines the key party platform areas relevant to the Ontario electricity sector. To date (March 26) the opposition and third parties have committed to releasing their detailed platforms in the coming weeks.

Appendix A includes a comparison of known policy commitments of each of the three major parties along with most recent public pronouncements that could inform final platforms.

Appendix B to this note also includes a summary of IESO protocols during the Writ period.

Summary of Political Energy Policies:

Liberal Party

The Liberal Party energy policies are largely described in the 2017 Long-Term Energy Plan. Among the policy priorities are:

- Support for the objectives of Market Renewal and the shift away from out-of-market capacity acquisition;
- Implemented Cap and Trade in 2017 and climate change policy is largely described the 2017 Climate Change Action Plan;
- *O. Reg. 355/17: Long-Term Energy Plans* puts the LTEP on a 3-year cycle and the government continues to support for local decision making through Regional Planning Process;
- Implemented Fair Hydro Plan to effect a 25% reduction in electricity rates for residential, small business, and farmer;
- Established the OEB Modernization Panel in December 2017 to review how the OEB can continue to protect consumers in a rapidly changing sector, support innovation and new technologies, and how the OEB should be structured and resourced to deliver on its changing role.

Premier Kathleen Wynne prorogued the legislature on March 15 and the government delivered a speech from the throne on March 19. The provincial budget is due on March 28. The throne speech focused on these priorities:

- Health Care including hospital wait times, access to home care, mental health and addictions services and increasing access to prescription drugs and dental care

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- Child Care, Education and Training
- Economic Growth in struggling regions and Public infrastructure investments
- References to energy were in a climate change context, i.e. use of cap and trade money to lower energy bills through reduced energy consumption.

Progressive Conservative Party

Under new party leader Doug Ford, the PC Party committed to release a much shorter and targeted platform than the one released in November 2017. Few details are available at this time, but the priorities announced so far include:

- Eliminating all forms of carbon pricing. This is a departure from the prior platform that committed to exit Cap and Trade to opt in to the Federal carbon price backstop. This would result in cancelling the Climate Change Action Plan. Previously the party estimated \$1.5B in 2018/19 to wind-down CCAP obligations.
- Lower residential and commercial/industrial hydro rates. The party previously committed to keep the Fair Hydro Plan and to find additional ways to reduce rates such as through shifting costs from ratebase to taxbase.
- Reducing hospital wait times.
- Reduced size of government.
- Prioritize the Ring of Fire development. This could affect demand profile in Northern Ontario and affect planned transmission upgrade projects like the East West Tie.

The previous platform included the following priorities, but it is not known if these will be in the platform or indicate future policy direction if elected:

- Support shift away from out-of-market capacity acquisition and favour Market Renewal.
- Enhance energy planning to make it expert led and transparent, and restore local planning authority.
- Pledge to enforce Green Energy Act contracts and use breaches as leverage to renegotiate or exit contracts where feasible.
- Committed keep Pickering Nuclear Generating Station open until 2024 and to the nuclear refurbishment schedule as in LTEP.
- Reform the Ontario Energy Board to reduce regulatory burden, to embrace innovation and increase adaptability to emerging technologies.
- Examine options for simplified industrial rates and alternative pricing models to take advantage of surplus generation.
- Support the Conservation First Framework.

New Democratic Party

The NDP are planning to release their election platform by early April. Based on recent pronouncements and a policy document released in February 2017, these are expected to be among the party's priorities:

- Pursue sector structural changes including establishing an independent panel of energy experts to develop proposed systemic changes, buy back Hydro One shares and return Hydro One to public ownership, and capping private profit margins.
- Import affordable renewable electricity when needed.
- Question effectiveness of capacity auctions.
- Not renewing and renegotiating or cancelling "bad" Green Energy Act contracts.
- Favour a form of carbon pricing and have been critical of Cap and Trade.
- Lower electricity rates by 30% (from pre-Fair Hydro Plan rates) but oppose Fair Hydro Plan. The party also favours a fixed delivery charge for urban and rural customers, will end mandatory Time of Use, and increase oversight over electricity prices.
- Not in favour of the current nuclear refurbishment plans but unclear on what steps might be taken.
- Renew the OEB's mandate to expand its role and to increase ratepayer and consumer advocate participation in decision making

APPENDIX A – Policy Comparison

Item	Liberal Party	Progressive Conservative Party ¹	New Democratic Party ²
Capacity acquisition, procurement and contract management	Supports shift away from out-of-market capacity acquisition and supports Market Renewal	(2017) Support shift away from out-of-market capacity acquisition and supports Market Renewal. (2017) Enforce Green Energy Act contracts and use breaches as leverage to renegotiate or exit contracts where feasible. (2017) Moratorium on new contracts.	Import affordable renewable electricity when needed. Question the effectiveness of capacity auctions. Not renewing and renegotiating or cancelling “bad” GEA contracts.
Carbon Pricing	Implemented Cap and Trade in 2017	Oppose all forms of carbon pricing. (2017) Cancel the CCAP, end cap-and-trade, and withdraw from WCI.	Favour a form of carbon pricing and have been critical of Cap and Trade.
Planning	LTEP on 3-year cycle Support for local decision making through Regional Planning Process	(2017) Enhance energy planning to make it expert led and transparent and restore local planning authority for renewable energy projects. (2017) Future LTEPs must be brought before a legislative committee to be studied in depth.	Not clear
Electricity Rates - residential, small business, and farmer	Fair Hydro Plan – 25% reduction (residential, small business, and farmer)	(2017) Fair Hydro Plan + Lower the average hydro bill by an additional 12% (residential, small business, and farmer). (2017) Conservation funding and the Smart Meter Charge (SMC) shifted to the tax base.	Lower electricity rates by 30% (from pre-Fair Hydro Plan rates) but oppose FHP.

¹ Items marked with “2017” are based on the party platform released in November 2017. The platform will be replaced in the coming weeks with a shorter, more targeted platform.

² All items noted are based the most recent policy document released February 2017

https://www.ontariondp.ca/sites/default/files/final_ndp_hydro_announcement.pdf or through various public pronouncements since 2017.

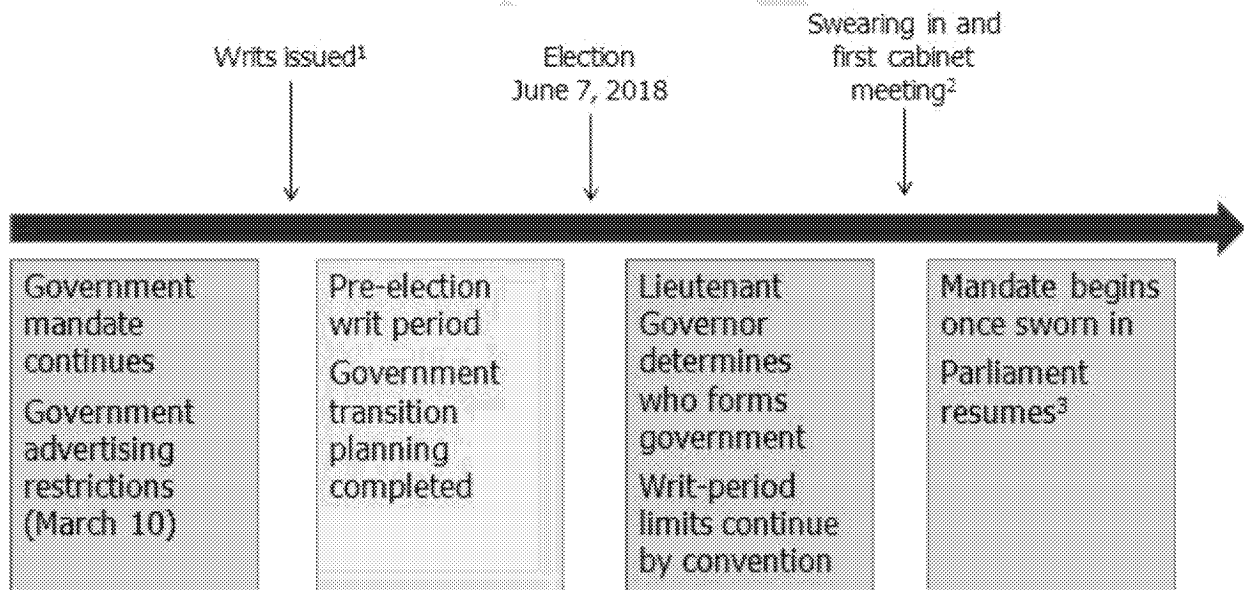
Item	Liberal Party	Progressive Conservative Party ¹	New Democratic Party ²
Electricity Rates – C&I		(2017) “explore all options”, including: a single stable industrial rate, support for combined heat and power (CHP) programs, or exploring fuel switching programs allow for Ontario companies to purchase power at an affordable rate instead of sending it to competing jurisdictions at a loss.	Fixed delivery charge (urban and rural). End Mandatory Time of Use. real oversight to electricity prices. Using tax benefits to help ratepayers. Make the HST rebate permanent, and negotiate with the federal government to remove their 5% portion on hydro bills. Capping private profit margins.
Conservation	Committed to CFF through 2017 LTEP	(2017) Supports CFF.	Generally supportive of conservation.
Nuclear	Committed to refurbishment schedule in LTEP	(2017) Committed to refurbishment schedule as in 2017 LTEP.	Not in favour of the current nuclear refurbishment plans.
Regulatory/Sector Change	Established OEB Modernization Panel in December 2017, <i>Strategic Blueprint 2017-2022: Keeping Pace With an Evolving Energy Sector</i>	(2017) Reform the Ontario Energy Board to reduce regulatory burden, to embrace innovation and increase adaptability to emerging technologies. (2017) not allow any further sale of Hydro One to private investors.	Establish an independent panel of energy experts and planners, businesses, labour, watchdogs, public power administrators, and consumer and environmental advocates will be formed to create systemic changes. Renew the OEB’s mandate to expand its role and including reserved seats for ratepayers and consumer advocates.

Item	Liberal Party	Progressive Conservative Party ¹	New Democratic Party ²
Surplus Baseload		(2017) Ask the IESO to study and report on potential options - rooted in evidence - to reduce the amount of hydroelectric power the province wastes annually.	"Fix" Oversupply
Net Metering	MicroFIT ended, moving towards net metering	(2017) Support evaluating the impacts net-metering.	Not clear
Other related Policy options		Prioritize the Ring of Fire development. PC Party Policy Recommendations October 2017 – inputs to the November 2017 policy document: • (2017) ensure proper data collection for reported industrial wind turbine incidents. • (2017) electronic vehicle registration for automobile dealers. • (2017) let customers decide what level of detail they want to see on their hydro bills. • (2017) support natural gas expansion throughout rural and Northern Ontario. • (2017) recognizes that Northern Ontario is very different from Southern Ontario and create a Northern panel to review legislation and policies affecting the North through a Northern lens.	

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APPENDIX B - IESO Activities during the Writ period

- The election process starts when the Premier visits the Lieutenant Governor and advises that they would like to call an election.
- The Writs of Election, which are formal legal documents prepared for each electoral district, are put together by the Chief Electoral Officer and signed by the Lieutenant Governor. They are the official notice that the election process is under-way.
- Once the Writs of Election are issued (by May 9), the campaign period begins and lasts about 28 days.
- Consistent with government protocols, external communications and engagements will become increasingly restrictive as the writ period approaches.
- During the Writ period, external communications will generally be restricted to urgent and time-sensitive messages, statutory or regulatory requirements, or mandatory communications to comply with the Market Rules.



¹ The writ period must be between 28 and 35 days and so the election can start anytime between May 2 and 9

² Estimated June 28 to July 12 and depends on election result

³ Date uncertain but could be as early as July 2018