Ontario hydro bills to soar over next decade

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Ontario's long-term energy plan projects that electricity ratepayers will see their hydro bills rise to an average of $181 a month in 10 years.

That's significantly up from the current average of $127 a month, though lower than the $200 a month the last long-term energy plan expected bills to increase to by 2027.

The Liberal government says it plans to avoid sharp increases during that time through initiatives including only securing new power when it's needed and allowing more people to produce their own green energy to power their homes.

The plan projects a shortfall in electricity supply starting a little after 2020, when one nuclear generating station reaches the end of its life, others are removed from service for refurbishment and some supply contracts expire.

Government officials say their plan is to close that gap largely through moving away from long-term, 20-year contracts and diversifying the supply mix.

The demand for electricity is expected to rise toward the end of the 16-year plan, partly due to an increase in electric vehicles — which the government assumes there will be 2.4 million of by 2035.

There are currently fewer than 15,000 registered electric vehicles in the province.

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Ontario household electricity prices to rise 52 per cent from 2017 to 2035

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The cost of electricity in Ontario for homes and businesses will keep on rising over the next 20 years - albeit not as high as once predicted - as the effects of the provincial Liberal government's plan to lower power bills kick in and then wear off.

The government released an update to its long-term energy plan Thursday, projecting the average monthly residential bill for electricity in Ontario will rise from $127 this year to $193 by 2035, a 52 per cent increase.

The government, however, has brought in programs to produce average savings of 25 per cent for Ontario homes, the so-called "Fair Hydro Plan," driving the average monthly power bill down to $127 in 2017 from $158 in 2016, the plan's projections show.

"Certainly the measures brought forward in our Fair Hydro Plan have an effect, but it is well known that our government has taken major steps to remove costs from our electricity system, now and in the future," Ontario Energy Minister Glenn Thibeault told reporters Thursday in Toronto.

Meanwhile, large industrial customers will see the price per megawatt hour they pay for electricity increase from $83 this year to $116 by 2035, according to projections. The government sees this as rising in line with inflation, but the cost still ends up nearly 40 per cent greater than that of today.

For industrial consumers in Northern Ontario, the price of power would rise from $63 per megawatt hour in 2017 to $96 by 2035, another 52 per cent jump, according to the long-term energy plan.

Industrial consumers have complained about pricey power costs, with a recent Fraser Institute study finding that about 64 per cent of the manufacturing jobs lost by the province from 2008 to 2015 could be chalked up to the increased expense.

Electricity prices overall in Ontario are a contentious political issue, prompting the Liberal government's plan to reduce electricity costs by 25 per cent on average. The plan was rolled out in full this year and will have a net cost of $21 billion over 29 years, according the province's financial accountability office. It includes an 8-per-cent rebate for customers enacted in January, in addition to a "refinancing" of some power costs that will see the government and Ontario Power Generation Inc. take on billions of dollars of debt.

Customers will ultimately pay back that debt via a charge on their power bill, which the new long-term energy plan takes into account. Premier Kathleen Wynne has said the Fair Hydro Plan would end up costing more, but was necessary to help out electricity customers in the short-term.

The government's latest price projections are lower than those made in long-term energy plans in 2013 and 2010. The 2013 long-term energy plan had predicted the average monthly residential bill would be $170 this year, and the 2010 plan estimated $178.

The plan boasts that the current electricity price for industrial consumers in Ontario remains below the average price in the Great Lakes region. The lower projected prices also include the removal of nearly $28 billion in costs, including the deferral of the construction of two new nuclear reactors and the scrapping of the second round of the province's large renewable energy procurements.

The outlook also includes the benefits of expected changes that would inject more competition into the province's electricity market, where generators sell their power. The "market renewal," as it is called, will usher in auctions that would see power producers bid for the rights to backstop the market, rather than just be awarded long-term contracts.

The long-term energy plan says market renewal will help shore up a shortfall in electricity capacity in the mid-2020s, when OPG's Pickering nuclear power plant is anticipated to be shut down and reactors at two other nuclear power plants are overhauled. Savings of up to $5.2 billion between 2021 and 2030 are expected as well, the plan says, helping reduce prices.

The government says it has spent nearly $70 billion on the electricity system since 2003, with the money going to fix up the grid, improve reliability and provide more sources of renewable or lower-emission energy. Ontario has also shut down its coal-fired power plants since 2003, reducing the percentage of the province's greenhouse gas emissions coming from the electricity sector to a predicted two per cent or so in 2017 from about 20 per cent in 2003, according to the long-term energy plan.

The new outlook also shows demand as relatively flat going forward, yet assumes there will be approximately 2.4 million electric vehicles in the province by 2035 (up from more than 10,000 today).

As well, the government's demand outlook includes the proposed electrification of Ontario's GO train system and new light-rail projects in the Greater Toronto Area, Kitchener and Ottawa.

Ontario's next provincial election is set for June 2018.

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Nuclear called key to Ontario power, prosperity

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Ontario's nuclear industry is an important economic engine in this province. Our nuclear power plants provide thousands of Ontarians with high-paying, stable employment; generate billions of dollars in economic activity; and power our homes and businesses with safe, clean, reliable and low-cost electricity.

Our nuclear industry is thriving thanks to the life extension programs at Bruce Power and Ontario Power Generation (OPG)'s Darlington station. These refurbishments will inject billions of dollars annually into Ontario's economy through direct and indirect spending on operational equipment, supplies, materials and labour income. These projects are the largest clean-technology investments in the country and work is already underway. OPG officially disconnected Darlington Unit 2 from the grid in October 2016 and Bruce Power is set to replace the major components on Bruce Units 3-8 starting in 2020, which will extend the plant's operational horizon to 2064.

The nuclear industry directly and indirectly employs about 60,000 people in Canada. Most of these jobs are located right here in Ontario where the industry generates $2.5 billion in economic activity every year. Renewal of our nuclear fleet will create and sustain about 18,000 additional direct and indirect jobs in the communities in which the utilities operate and across the province through the companies that make up the vast nuclear supply chain. At BWXT Canada, we have operations in Cambridge, Toronto, Peterborough, Arnprior and Dundas, and provide high-value employment to over 850 skilled workers in everything from engineering and project management to skilled trades and manufacturing.

We are already feeling the real and tangible benefits of Ontario's prosperous nuclear industry. Last year we announced that Bruce Power awarded BWXT Canada with the contract to supply eight replacement steam generators for the refurbishment of the Bruce station in a deal worth about $130 million. In August, we announced that another $48 million was added to that contract for the addition of steam drums. This year, we were also awarded a feeder supply contract from OPG valued at approximately $55 million.

But it isn't just jobs we are talking about. Nuclear energy is fundamental to Ontario's clean energy objectives. In fact, nuclear generates about 60 per cent of the province's power and our use of nuclear energy helped to enable Ontario, in 2014, to become the first jurisdiction in North America to eliminate the use of coal-fired power generation.

Of all the different energy sources available - hydro, natural gas, wind, biofuel and solar - nuclear delivers the biggest advantage because it provides year-round reliable, non-greenhouse gas emitting clean power, while providing more jobs than other energy sources.

Nuclear also plays a key role in the affordability of power, which is important for the economic viability of our province. For example, Bruce Power provides 30 per cent of Ontario's power, greenhouse gas emissions-free, at a price 30 per cent lower than the average cost to generate residential power, and Darlington Nuclear Generating Station provides 20 per cent of the province's power, also greenhouse gas emissions-free. By investing in our nuclear fleet, Ontario will continue to benefit from low-cost energy. The cost of Bruce Power nuclear today is approximately 6.8 cents per kilowatt hour and once the refurbishments are complete, it will be in the range of 7 to 8 cents per kilowatt hour.

Not only does nuclear provide stability in price and jobs, it provides a constant, reliable source of energy that ensures people and businesses can continue to power their lives. As we look toward Ontario's energy future, it is important that we have a diverse, dependable, low-carbon, low-cost energy mix made up of the right balance of sources that contribute to both our environmental goals and economic prosperity. The province's Long-Term Energy Plan is due out later this month and will provide a critical path forward for Ontario's energy portfolio for decades to come.

By investing in nuclear, we are committing to powering our province year-round with clean, safe, and affordable energy that contributes to our economy through billions of dollars in economic activity and thousands of jobs right across the province. Now that's powerful.

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Hydro rates to remain stable through 2020: energy plan

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Ontario electricity rate hikes will be held to the rate of inflation over the next four years, according to the province's latest Long-Term Energy Plan.

In the first energy blueprint since 2013, the Liberal government said prices will actually be lower than forecast four years ago - thanks to the 25 per cent rebate known as the Fair Hydro Plan that took effect this past summer.

Read more:

The truth about hydro in Ontario: an updated fact check (www.thestar.com)

Energy regulator orders Hydro One to cut administrative budget by $30 million over two years (www.thestar.com)

Hydro One revenue down as milder weather impacts demand (www.thestar.com)

The average monthly residential bill this year is $127 - down from $170 predicted in the last Long-Term Energy Plan (LTEP).

In 2027, that monthly bill is anticipated to be $181 - lower than the $200 estimate from the 2013 plan. By 2035, it should be $193 a month.

"The projected residential price electricity will remain below the outlooks in the 2010 and 2013 LTEP," the government said in the 155-page outlook.

"Projected electricity prices for large consumers will, on average, be in line with inflation over the forecast period," it said.

Between 2021 and 2027, rates are expected to gradually rise by an average of 5 per cent annually.

"The 2017 Long-Term Energy Plan outlines our investments to date and how we plan to continue building an energy system with fairness and choice for people across the province," Energy Minister Glenn Thibeault said Thursday at Queen's Park.

Facing widespread outcry over rising hydro prices - and with an election set for June 7, 2018 - the government launched the so-called Fair Hydro Plan earlier this year.

Thibeault said it spreads the costs of $70 billion in electricity infrastructure improvements from the past decade over a lengthier repayment period.

He likened it to refinancing a mortgage to have lower payments now but with those spread out over a longer period of time.

"The Fair Hydro Plan is a policy that reduces rates immediately and effectively," said Thibeault.

"We've heard from families that they can't handle the sharp increases that were taking place in previous years and are working to ensure that does not happen again," he said.

With an election looming, Thibeault lashed out at the Progressive Conservatives and the New Democrats for not providing viable alternatives to the Liberals' plans.

"Both parties voted against Ontario's Fair Hydro Plan - the single largest rate reduction in the province's history."

Auditor General Bonnie Lysyk has estimated the $39.4-billion scheme could cost Ontario ratepayers an additional $4 billion in higher interest charges over 30 years.

Progressive Conservative Leader Patrick Brown warned Ontarians not to buy the "Liberal spin" being peddled by Premier Kathleen Wynne's government.

"Every single time they've played games with the electricity sector it has left families working harder, paying more, and getting less," said Brown

"The 2017 LTEP does not show the real costs of their unfair hydro scheme. It is nothing but a Wynne Liberal re-election campaign document that does nothing to calm the nerves of families worried about their future.

NDP MPP Peter Tabuns (Toronto Danforth) dismissed the energy plan as a "political document" designed to get the Liberals through next spring's election.

"This was written for the election - this is not a planning document," said Tabuns.

"I wouldn't give this government any credit for this plan," he said.

There is some good news for many condominium residents in Thursday's blueprint.

The Ontario Energy Board (OEB), the independent regulator that controls prices, will be given authority over 326,000 condo and apartment units in 2,500 buildings across the province that currently pay their bills to private companies that meter usage.

"Consumers have told both the province and the OEB that they would like to know more about how these decisions are made and what they are being asked to pay for," the LTEP said.

"Improving consumer protection and strengthening the OEB's regulatory powers … would ensure that their fees and charges are just and reasonable and that customers served by these companies receive value for money."

Francesca Dobbyn, executive director of the United Way of Bruce Grey, said that change could be especially helpful to low-income apartment dwellers.

"It's lower bills - definitely in our rural communities. We have companies that charge $25 a month if you haven't paid off the previous bill and for low-income people that's a horrendous amount," said Dobbin.

Overall, Ontario's current electricity supply mix includes 53.5 per cent of generation coming from nuclear power, 21.3 per cent from water, 7.5 per cent from natural gas, 6.2 per cent from wind, and 2 per cent from solar.

The government estimates that the equivalent of 8.6 per cent of supply is coming from conservation efforts.

There are no new major energy projects announced in the plan - the Liberals believe existing infrastructure as well as increased small green-energy, such as roof-top solar panels, will be enough to meet demand over the next 18 years.

Length: 823 words
Illustration: The Liberals say hydro prices will be lower than forecast four years ago - thanks to the 25 per cent rebate.

Reevely: Hydro prices to keep rising, just a bit more slowly, Ontario government says

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The average Ontario household's electricity bill will reach nearly $200 a month before levelling off in 2030, the provincial government predicted as it released its latest long-term energy plan Thursday morning.

This is the first overhaul to the province's electricity forecast in four years, which means it's the first one since the Liberal government got seriously spooked by Ontarians' fury over constant hydro price hikes.

It promises more options for people who are willing to change their habits to cut their costs, more rewards for innovations that cut consumption or generate power more cheaply, and more competition among power companies to meet Ontario's needs. But also, in spite of all of that, prices that continue rising.

"I'd love, as an MPP and minister of energy, to come out and say we're going to freeze rates," said Energy Minister Glenn Thibeault. "We know where that got us. We remember the rolling brownouts. We remember the blackout. We know that rebuilding the system cost us $70 billion. We're not going to do that again."

His history is a bit sketchy. The vast blackout of 2003, the worst case for a power system, covered much of northeast North America, started in Ohio (www.cleveland.com) , and had nothing to do with weakness in Ontario. Also the $70 billion we've spent on the power grid includes obviously needed, unsexy renovations to transmission wires and transformers, but also a wholesale move away from coal generating stations and a very expensive excursion into wind farming that didn't produce the great green-powered economy it was supposed to.

Put that background aside, though. What does the new long-term energy plan do that's different?

The increase is less than the government promised in 2013, when the average bill was supposed to hit $200 a month a few years earlier in 2027. An even earlier forecast had bills at $200 a month by 2020.

The hikes on the average household will be smaller at first, thanks to all the money the government is borrowing to pay electricity bills over the next few years, then we'll see sharper price increases starting in 2022.

The plan also assumes that we'll use less power at home - 750 kilowatt-hours a month in the average household instead of the 800 the government has previously assumed - thanks to conservation and more efficient appliances. That's part of why the forecast prices have dipped.

On one hand, if we care about what Ontarians will actually pay, that's fair. On the other, it's a trick: If you cut your food expenses by not eating, that doesn't mean food gets cheaper.

Millions of electric cars will take up the power we don't use in our houses and apartments, along with heavy-duty electric transit systems like Ottawa's light-rail lines. The government forecasts it'll be pretty much an even balance, leading to almost flat demand for power for the next 20 years.

But it'll also change the patterns of electricity demand. Charging an electric car takes a lot of juice at once. Charging is usually done at night, which is good because that's when provincewide demand is usually low, but also potentially stressing the power supply to residential neighbourhoods that haven't previously needed industrial quantities of electricity.

Local distribution companies like Hydro Ottawa might have to spend heavily to beef up their systems, and charge customers more to pay for the improvements.

Some companies, at the province's urging, are already experimenting with more flexible supply plans for consumers to try to smooth out demand. If you charge an electric car at night, maybe you pay less for a kilowatt-hour after 9 p.m. but agree to pay a lot more during the day, for instance. Or vice-versa.

Of course, we've heard this before. Smart meters were supposed to make it easier for us to take control of our electricity use. They sort of did but the benefits of shifting your electricity use to cheaper times haven't been huge, and the base price of power kept going up no matter what we did.

This time, it's different, Thibeault said. This time, we really mean it. We haven't used smart meters as well as we could have but we're doing it now.

London Hydro, for instance, is experimenting with a program called Green Button, which collects masses of information on household power use so people can compare themselves to neighbours and relatives, understand how much electricity different appliances really use, and potentially be rewarded for saving electricity when it matters the most.

"We're going to continue to utilize innovation and utilize the data that we are going to get from smart meters to help consumers innovate and lower their bills," Thibeault said.

The provincial government is doing away with long-term contracts for power generation, which it once figured were essential for getting companies to invest the tens or even hundreds of millions of dollars it takes to build a large power plant.

When a contract expires or it's time to close an old nuclear reactor or something, the province wants more bidding, more competition among would-be suppliers, more risk pushed onto them instead of guaranteed payments in decades-long deals.

All of this is, still, about slowing the rate of increase to people's power bills. There's no prospect of lowering them, unless you have a roof you cover with solar panels or can install windmills in your yard.

"The Wynne Liberals are untrustworthy, especially when it comes to Ontarians' electricity bills," Progressive Conservative leader Patrick Brown said in response. "Despite Liberal spin, it's clear: rates will continue to skyrocket to the highest they've ever been after the next election."

"It's shocking to see a government doubling down on overpriced private contracts when the people of Ontario have said clearly that they are against privatization of the hydro system, and when we know it will mean higher prices and less control over our hydro bills," New Democrat energy critic Peter Tabuns said.

Prices will indeed keep going up, and Ontarians are against privatization and the Liberals have done it anyway. They spent $1 billion on moving two gas plants whose construction they'd previously approved. They've screwed around endlessly with wind power, using our money and are locked in lawsuits over their faithlessness.

But these are criticisms, not alternatives.

"I'd like to challenge both Patrick Brown and Andrea Horwath to finally tell the people of Ontario what they would do differently and what impact their plans would have on electricity bills," Thibeault said as he released his plan, anticipating both the Tories' and the New Democrats' attacks.

Brown would look to get out of generating contracts we've already signed and apart from that has basically no hydro plan of his own and none on tap for his party's policy convention next month (convention.ontariopc.ca) .

The NDP's Horwath has a plan to renationalize the Hydro One transmission utility, at a cost of billions and to no obvious benefit other than the satisfaction of public ownership. The party's "plan" for reducing prices is to get an expert panel to sort it out (www.ontariondp.ca) , which is not a plan.

So, real talk: One party has a plan for Ontario's electricity system that's worthy of the label. It increases what consumers will pay, year in and year out, arguably for good reasons like cleaner power and more resilience, but definitely our prices go up.

Ontarians will be better served with conservative and progressive options for the province's second-biggest challenge after health care, but we need our conservative and progressive parties to provide them. It's the opposition's job to oppose and to criticize, which they're doing. But with an election imminent in the spring, it's now also their job to offer real alternatives.

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