

John Bozzo

From: John Bozzo
Sent: December 6, 2017 5:37 PM
To: ##Clippings_Distribution_List
Subject: AG Report Coverage

Below is a quick round up of coverage (so far) of the AG's report and her chapter on energy, the MSP and the IESO. Overall, where there was coverage of us, the OEB was well positioned and was shown to be doing our due diligence in highlighting gaps and issues within the electricity market. The IESO bore the brunt of the negative coverage. We haven't had any media calls about the AG's report today.

It seems that most journalists have latched onto the healthcare teachers/sick days sections of the report.

Pls see the below links for coverage of our chapter.

1) CBC: Ontario Auditor General report: Here are the highlights

By Mike Crawley, CBC News Posted: Dec 06, 2017 12:20 PM ET Last Updated: Dec 06, 2017 12:20 PM ET

<http://www.cbc.ca/news/canada/toronto/ontario-auditor-general-highlights-1.4435544?cmp=rss>

The province's Independent Electricity System Operator (IESO) has failed to act on recommendations that could have saved Ontarians millions on their hydro bills. It has been warned repeatedly that its payments to private power plants were vulnerable to abuse.

2) CBC: Ontario ratepayers pay millions in ineligible power generator expenses, auditor finds

Scuba gear, raccoon traps, carpet cleaning among expenses claimed

The Canadian Press Posted: Dec 06, 2017 3:27 PM ET Last Updated: Dec 06, 2017 3:27 PM ET

<http://www.cbc.ca/news/canada/toronto/ineligible-power-generator-costs-ontario-auditor-general-1.4435954>

Ontario electricity ratepayers are paying millions for power generators' ineligible expenses — including scuba gear and raccoon traps — and are footing the bill for large industrial companies' savings, the province's auditor general reported Wednesday.

3) Global: Auditor general finds Ontarians pay millions for ineligible power generator costs

By Allison Jones The Canadian Press

https://globalnews.ca/news/3899366/ontario-auditor-annual-report-2017/?utm_source=%40globalnewsto&utm_medium=Twitter

Auditor general Bonnie Lysyk said in her annual report that the Independent Electricity System Operator hasn't implemented repeated recommendations from the Ontario Energy Board, including one that could save ratepayers \$30 million a year.

4) OurWindsor.ca: Auditor general takes aim at Ontario Liberals over spending and waste

Auditor general Bonnie Lysyk takes aim at Premier Kathleen Wynne's Liberals for lax oversight of

electricity companies, which has cost consumers \$300 million in higher bills
by Rob Ferguson and Robert Benzie

<https://www.ourwindsor.ca/news-story/7983363-auditor-general-takes-aim-at-ontario-liberals-over-spending-and-waste/>

Ontario's fiscal watchdog does not believe the province's books are balanced, complains the government spends too much on "partisan" advertising, warns sick days for school board employees are soaring, and finds hydro ratepayers are getting zapped.

In her annual report to the Legislature, the last before the June 7 provincial election, auditor general Bonnie Lysyk takes aim at Premier Kathleen Wynne's Liberals for lax oversight of electricity companies, which has cost consumers \$300 million in higher bills.

That includes power plants billing for coveralls and parkas along with "staff car washes, carpet cleaning, road repairs, landscaping and raccoon traps, which have nothing to do with running power equipment on standby."

Among those cited was the Goreway gas plant in Brampton that was recently fined \$10 million for billing ineligible expenses.

5) Toronto Sun: Sick days, salaries taking away from kids, auditor says

<http://torontosun.com/news/provincial/ontario-auditor-report-finds-concerns-in-how-money-spent>

High-dro: Ontarians could have saved millions on their hydro bills if the Independent Electricity System Operator (IES) had followed through on recommendations made to it by the Ontario Energy Board (OEB). Some gas generators are paid about \$30 million more a year than necessary, as a result. And thanks to the Industrial Conservation Initiative, small businesses and residential hydro customers are taking on an increasing burden of the global adjustment cost, jacking up their hydro bills.

Your hydro dollars at work: Nine gas and coal generators were ineligible for \$260 million they claimed in compensation from the Standby Cost Recovery Program, and the IESO has only recovered \$168 million of that overpayment. Examples of misuse of people's hydro money included one company that claimed \$175,000 for coveralls and parkas at one facility over a two-year period. Generators also made claims for staff car washes, carpet cleaning, road repairs, landscaping, scuba gear, and raccoon traps. The program is supposed to pay generators to start and run their equipment while on standby to supply electricity.

6) The Square: AG Reports Excessive Government Waste

<http://www.windsorsquare.ca/archives/2017/ag-reports-excessive-government-waste/109458>

The report revealed that Ontario electricity ratepayers paid \$260 million for power generators' ineligible expenses, for things like scuba gear, staff car washes, landscaping, and racoon traps. The Auditor General also found that the Independent Electricity System Operator hasn't implemented repeated recommendations from the Ontario Energy Board, which could save ratepayers \$30 million a year.

"The Auditor General has found obvious and egregious waste in the electricity sector in Ontario, and it's time for the government to act on it. If it's possible to save ratepayers money today, it's shameful that the government hasn't done anything about it yet," said Christine Van Geyn, the Ontario Director of the Canadian Taxpayers Federation. "What we need from the government is real cost savings on electricity, not election gimmicks that kick the debt can down the road."

7) Statements from Minister of Energy on the 2017 Auditor General's Report

<https://news.ontario.ca/mei/en/2017/12/the-industrial-conservation-initiative-cybersecurity-ieso-market-programs.html>

Minister of Energy Glenn Thibeault issued the following statements in response to the release of the Auditor General's report:

I would like to thank the Office of the Auditor General for its analysis. Our government remains committed to working with the Office of the Auditor General and respectfully reviewing the independent views it provides to the Legislative Assembly.

Statement on the ICI

The Industrial Conservation Initiative program has been successful at reducing peak electricity demand and helps large consumers lower electricity prices by one-third on average, helping them to remain competitive and focused on creating jobs.

In fact, our system operator estimates that this program reduced peak demand by about 1,300 megawatts in 2016 -- the peak electricity demand of a city roughly the size of Mississauga. That's about 6 per cent of Ontario's peak electricity demand.

That means that this program helped avoid the need to build costly new generation in the longer term, which is a benefit to all ratepayers across the province, both residential and commercial.

Under Ontario's Fair Hydro Plan, the program was recently expanded to include many more Ontario businesses, including manufacturers and greenhouses with average monthly peak demand above 500 kilowatts.

Statement on Cybersecurity

Safeguarding the security of our electricity system is a top priority for the Independent Electricity System Operator. The North American Electric Reliability Corporation (NERC) recently audited our system operator and found the IESO fully compliant with continent-wide operating standards, including recently introduced cyber asset protection rules that represent significant progress in mitigating cyber risks to the bulk power system. Our System Operator puts a strong emphasis on cybersecurity, and is already in the process of recruiting a new Chief Information Officer (CIO) with an enhanced focus on cybersecurity. They are also considering creating a senior-level position for cybersecurity with formal reporting to both executive leadership and the Board of Directors.

Our System Operator is also implementing previous recommendations to increase the number of cybersecurity staff, which is in line with the Auditor General's recommendation.

It's important to note that our System Operator complies with all applicable NERC Critical Infrastructure Protection standards, which include standards for cybersecurity. The electricity sector is unique as the only critical infrastructure sector with mandatory and enforceable cybersecurity standards.

Statement on IESO Market Programs

We are confident in the Ontario Energy Board and our System Operator to run an efficient, reliable and fair electricity market for ratepayers across the province. Both the Real-Time Generation Cost Guarantee Program and Congestion Management Settlement Credits play important roles in our electricity system, ensuring we have a system we can depend on to keeps the lights on. These are programs that ensure that when Ontario families and businesses need electricity, it's there for them. If these programs were eliminated, reliability would be put at risk.

Both programs have evolved over the years, and costs have been constrained substantially. Our system operator continues to prioritize reliability and optimize programs within the existing electricity system framework.

Abuses within the system are completely unacceptable. That's why they have been investigated, and where

wrongdoing was present, costs have been recovered and returned to ratepayers. We are also working together with our agency partners to review the potential for increasing legislative powers to assist our system operator in performing its critical responsibilities.

Our system operator is also in the process of implementing Market Renewal, which will reform Ontario's electricity markets, increasing both flexibility and efficiency. Market Renewal is projected to save up to \$5.2 billion over ten years.