

**John Bozzo**

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**From:** John Bozzo  
**Sent:** September 12, 2016 7:29 AM  
**To:** Rosemarie Leclair  
**Cc:** Neil Brodie  
**Subject:** FW: Globe and Mail Piece on Throne Speech, Electricity Cuts

Here is a piece that came out online in the Globe last night regarding the Speech from the Throne.

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**From:** Jeff Blay [mailto:jblay@enterprisecanada.com]  
**Sent:** September-11-16 8:39 PM  
**To:** John Bozzo  
**Subject:** Globe and Mail Piece on Throne Speech, Electricity Cuts

Hi John,

I wanted to flag a piece The Globe and Mail's Adrian Morrow wrote on the Throne Speech and, specifically, the Liberal's expected plans to reveal electricity cuts, which came out online tonight in case you haven't seen it yet. I've included the story in full below.

As well, the protest planned for Hamilton, a story which I reported on Saturday, has continued to get steady traction on social media with residents tweeting about it and some now encouraging people to share and attend the protest. The story has now been picked up and tweeted by The Hamilton Spectator, which has caused another spike in activity this evening.

See you in the morning.

Jeff



**Hamilton Spectator** @TheSpec

High Ontario hydro rates targeted in [#HamOnt](#) protest Sept. 28 <https://t.co/gpi4vc4P4X><https://t.co/4sCdjPJjG5>

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## Ontario Liberals expected to reveal electricity cuts as election

# looms

ADRIAN MORROW

The Globe and Mail

Published Sunday, Sep. 11, 2016 6:05PM EDT

<http://www.theglobeandmail.com/news/national/ontario-liberals-expected-to-reveal-electricity-cuts-as-election-looms/article31821311/>

Ontario's ruling Liberals are expected to unveil promised cuts to electricity bills in Monday's Throne Speech, tackling the province's most intractable pocketbook irritant.

Premier Kathleen Wynne is calculating that such a pivot toward bread-and-butter concerns is necessary to reverse poor poll numbers and plot a course to re-election.

But with many of the costs of the province's electricity system tied up in lengthy contracts and long-term infrastructure investments, there is little the government can do on the structural side to lower bills in the 20 months before the next election.

The alternative is a straight subsidy to hydro consumers. The Liberals have hinted at one possible way to do this: The province's climate-change plan last spring pledged to divert proceeds from the coming cap-and-trade system to lower bills. Other options include removing the HST from electricity bills or using tax dollars to subsidize bills.

However they make it happen, the Liberals are certain to face criticism that a subsidy is an inefficient Band-Aid solution diverting funds from other needs.

That may not much matter to the Liberals, who got an earful from voters in Scarborough-Rouge River – a long-time Grit fiefdom that fell to the Tories in a by-election earlier this month – as they campaigned amid a sticky summer when the non-stop need for air conditioning pushed bills skyward.

Finance Minister Charles Sousa talked up the coming hydro relief Friday, even as he defended high electricity prices as simply the cost of building a reliable system.

"Yeah, I am excited," he said. "We understand that we need to improve and mitigate those costs for everyday Ontarians, so they can have greater affordability. But at the same time, we needed to make those investments to provide for that integrity."

The Liberals have piled costs onto the province's electricity system over the past 13 years. Some are in the form of upgraded infrastructure; others are lengthy contracts with private gas, wind and solar generators to provide electricity at fixed prices to replace the province's shuttered coal plants; some are the price of running the province's nuclear reactors, which provide the lion's share of Ontario's power.

It hasn't helped that some of the government's more unpopular decisions have been tied to the power grid: Cancelling two gas-fired power plants in the Toronto suburbs added an estimated \$1.1-billion in costs to be borne by hydro consumers. And the opposition parties charge that Ms. Wynne's privatization of Hydro One will lead to higher prices because private interests will be more aggressive than the government in seeking higher prices from consumers.

Another problem, ironically, is a drop in demand: With consumers using less electricity than in years past, the costs of the system are spread over less demand, making actual rates increase.

Electricity expert Adam White said the overall cost of the system is largely fixed, limiting the range of options for the Liberals to cut bills in the short term.

"Most of the cost increase in the total cost of the system are fixed costs, are baked in," said Mr. White, CEO of Powerconsumer Inc., an analytics company that helps businesses become more energy-efficient.

The best option, he contends, is for the government to push consumers to use more electricity in off-peak hours – largely at night, when the province produces vast quantities of electricity that go unused – and boost consumption overall to push down rates.

"If you could boost consumption in the off-peak and put some of the fixed costs onto that consumption, it

would drive down bills," he said.

Such structural solutions, however, may not sate the Liberals' appetite for a short-term fix to get them through to the election.

But the options for a straight subsidy all come with problems.

Giving Ontarians a rebate using money from the treasury – as the Ontario Clean Energy Benefit did from 2011 to 2015 – would cost roughly \$1-billion annually for a 10-per-cent subsidy, Mr. White said, piling on even more debt at a time the province is trying to balance the books and tackle its \$300-billion provincial debt.

Taking the HST off bills, meanwhile, would have a similar effect, depriving the government of much-needed revenue.

And using cap-and-trade cash to pay for subsidies would take that money away from other measures to fight greenhouse gases.

The government has suggested strongly it is interested in the latter route. One section of the Climate Change Action Plan promises to "use cap-and-trade proceeds to offset the cost of greenhouse gas pollution reduction initiatives that are currently funded by residential and industrial consumers through their bills."

The government could spin such a move as a way to encourage people to use more electricity – such as by driving electric cars or switching to electric heat – in lieu of burning fossil fuels.

But Keith Brooks of Environmental Defence said the money would be better spent on more targeted incentives for such things, rather than simply subsidizing electricity bills.

"I don't think it's good policy," he said. "If you want people to drive [electric vehicles], subsidize that directly, which the government is doing. If you want people to use electric heat, create a program for that."

Ultimately, such policy considerations might take a back seat to political ones.

Both opposition parties have been hammering the Liberals on hydro prices.

And on Friday, NDP Leader Andrea Horwath signalled that her focus for the coming session will be blasting the Grits on bread-and-butter problems for Ontarians. She said she would push the Liberals to adopt a \$15 minimum wage, stop squeezing the province's health-care budget, make it easier to join a union and take HST off hydro bills.

"Costs are up, wages are flat and good opportunities are few and far between in this province," she said. "We have to lower hydro bills. There were seniors and families who couldn't turn on the air conditioner this week when we felt like it was 40 degrees out there."

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**Jeff Blay**

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