Neil Brodie

From:	Neil Brodie
Sent:	May 16, 2017 12:13 PM
To:	Rosemarie Leclair
Subject:	highlights from Bill 132 debate

Glenn Thibeault:

Finally, once the LTEP is released I will take two important steps. First, I will issue directives to the IESO and the Ontario Energy Board asking both entities to develop implementation plans related to the LTEP's goals and objectives. Second, I will conduct a review of these implementation plans to ensure that the relevant goals and objectives are achieved in the proposed framework.

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Thirdly, Mr. Speaker, if approved, the legislation would eliminate the delivery charge for all on-reserve First Nation residential customers through a new delivery credit. The Ontario Energy Board estimates that this would provide eligible customers an average monthly savings of $85. Added to this, on-reserve First Nation residential customers would automatically qualify—about 21,500 customers in total.
We would also help facilitate greater information-sharing between distributors and band councils to better identify all on-reserve First Nations customers.

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Partnering with the Ontario Chamber of Commerce, we will be launching an awareness campaign so even more of our province's businesses will participate in ICI.

Bob Delaney (Lib)

…the partial sale of Hydro One means that Ontario retains absolute control of Hydro One as an entity. Hydro One is an entity that controls only 24% of Ontario's electricity market. Any notion that Hydro One makes the market is wrong and false. Any notion that Hydro One sets prices is wrong; it's false. It gives the province some $9 billion to build what we desperately need here in the greater Toronto area, which is more means of transporting ourselves to homes, to school and to work.

Peter Tabuns (NDP)

When the Ontario Energy Board approves rate increases for privatized companies, it builds in a profit margin. It allows a company to increase rates to cover costs for new investments that include their cost of borrowing plus a 5.5% return on equity. In contrast, Manitoba's public utility has allowed 3%, almost cutting in half the amount of profit that's allowed on the rates for new installations.

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We would also expand the powers of the Ontario Energy Board. In 2015, the Auditor General reported specifically that the OEB was often unable to meet its mandate to protect consumers because the OEB is not authorized to review government ministry policy plans. It used to, Speaker, but the government didn’t like all that scrutiny. It rewrote the rules so the plan didn’t have to be presented for public hearings. It used to be a requirement. It’s no longer a requirement. In fact, the OEB gets cut and cut back and pushed back on an ongoing basis. In fact, in Ontario, the Ontario Energy Board doesn’t have the ability to review 65% of generation. The vast majority of generation in this province is not subject to any review by the Ontario Energy Board, which is supposed to be regulating rates, but that isn’t the case. It’s a fiction.

This government is saying all the time, “Well, we can keep rates down because Hydro One is this tough regulator who will look after things.” A tough regulator who regulates 35% of power generation in Ontario? Does that sound like a comprehensive approach to you? A regulator who gets told when it comes to smart meters, way back when, that they aren’t actually to assess the business plan, which turned out to be a real loser of a business plan? They weren’t allowed to assess that business plan; they were just given instructions to make it happen.

With the rules that came in merging the Ontario Power Authority and the Independent Electricity System Operator, the OEB was cut back further so that it couldn’t question new hydro line or transmission line projects. It could only look at how they were executed. Asking whether or not something makes sense in the first place I think is a fundamental part of regulation. This government is not interested in regulation. This is a privatizing, deregulating kind of government.

The OEB wasn’t allowed to review the sell-off of Hydro One. Frankly, Speaker, if you are responsible for protecting the people of Ontario and protecting the rates they’re operating with, that was not a small, minor sidebar decision, it was a central decision. Where was the tough regulator who was put in place to look after our rates? They were sidelined. That is the way things operate.

That needs to change. We actually need to have an Ontario Energy Board that is a regulator. I was fascinated that I had the opportunity to ask the OEB this question: What’s most troubling is that the auditor confirmed that claims made in Ontario Energy Board applications were inaccurate, and while in testimony before committee, the chair of the Ontario Energy Board acknowledged that it doesn’t verify or audit documentation submitted to the board.

I had the opportunity when I was sitting on public accounts committee to ask the head of the OEB, “Why it is that Hydro One got a rate increase from you for replacing a bunch of transformers that it never replaced, and then came back again asking for more money to replace the same transformers?” They don’t check. This is extraordinary to me, that you wouldn’t actually check the application to see whether or not what was put before you was true.

What was that very nice play? The Sleepy Chaperone, or The Drowsy Chaperone? We have a regulator that is dozing off. Frankly, this is a government that wants it to doze off, that slips it one or two mickeys every day and says, “Have another drink. Don’t bother your pointy little regulator head about these problems. We’ve taken care of them. You don’t have to ask any questions. You don’t have to verify anything. You’re just there to make things look good.”

Speaker, that leads to another thing in our plan: not just having in place an effective regulator, cutting back on the profits that can be made and restoring public ownership, but using tax benefits to help ratepayers. This government gave Hydro One $2.6 billion when it privatized it. It said, “You don’t have to pay your departure tax of $2.6 billion.” There’s a fight going on right now at the

Ontario Energy Board about that money, with Hydro One saying, “Well, that’s our money. Our investors deserve that money. Our investors are wonderful people; $2.6 billion is a lot of wonderful. We want them to have it,” and with others saying, “No, that’s public money. It was a gift to you; it should be used to reduce rates.”

Speaker, we see that $2.6 billion as public money that should be used to reduce rates. Over four years that’s worth 3.2% in savings. This is not a government that is actually going to go after tax gifts to benefit the people. No, it’s going to borrow a ton of money that we’re going to have to pay back over decades to deliver what they see as their plan.

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So I am very worried—and this government should be worried—about what’s come forward from OPG with the refurbishment of Darlington. They’re projecting an increase in the price of power from Darlington, going up 11% a year over the next decade. For those who are curious, go to the Ontario Energy Board and look at the filings taking the price of power to 16 cents. Bruce nuclear is refurbishing. I don’t think they have a magic formula that’s better than OPG. They will be in the same range. So between Bruce and Darlington, about 50% or 55% of the power in Ontario is going from around six or seven cents a kilowatt hour up to 16. At that point, Speaker, it doesn’t matter how much this government has borrowed. The ability to contain prices will be totally out of our hands, and the ability of people to move away from the system will be extraordinary. Not discussed a lot, not assessed a lot—I look forward to seeing the long-term energy plan to see if there is any recognition of this reality. But in New York and other parts of the American northeast, there’s a recognition that as solar power becomes cheaper, the ability of people simply to abandon the system becomes very substantial.

Vic Fedelli (PC)

I’ve been in this Legislature listening to the energy minister, who continues to say, every time we ask him about something, “No, no, no. The OEB sets the rates.” Well, it was fascinating, utterly fascinating, to learn that, lo and behold, sometime this summer, the rates will be lowered by the OEB exactly what the government announced last March. So who actually does set the rates? Never again, Speaker, in my opinion, can the OEB ever be “blamed” for setting the rates. This government sets the rates. They told the OEB, “You are lowering the bill by X amount,” and lo and behold, that’s the amount that they’re changing it—first, it was 8%, and now an additional 17%.

The OEB didn’t wake up one morning and say, “I think we’ll reduce the rates by 17%.” It came on the direction of this government. So when they tell us, from this point on, “We don’t set the rates; the OEB does,” we now know that none of that is true. We got the direction right here from the energy ministry people who gave us our briefing this morning.

The legislation for global adjustment refinancing requires the OEB to issue a further rate adjustment no later than a certain date—15 business days. This is exactly the wording that the government used in their handouts back in March. It was amazing that the OEB’s number, coincidentally, is precisely, to the fraction, what the minister announced way back in March.

So, no more nonsense from them anymore. The next time he says that, we’re going to have to call him to task, because he’ll need to correct his own record over and over and over.