

Ontario Power Disaster and What to Do About It

“To hell with your deal. To hell with our lives. Someone has to start telling the truth.”

Ulana Khomyuk, HBO Chernobyl 2019 Series

Presented by: Grant Church
Standing Committee on Finance and Economic Affairs
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Mr. Chairman, Members of the Committee, Ladies and Gentlemen,

“They would not listen; they did not know how. Perhaps they’ll listen now.” So sang Don McLean in his song Vincent.

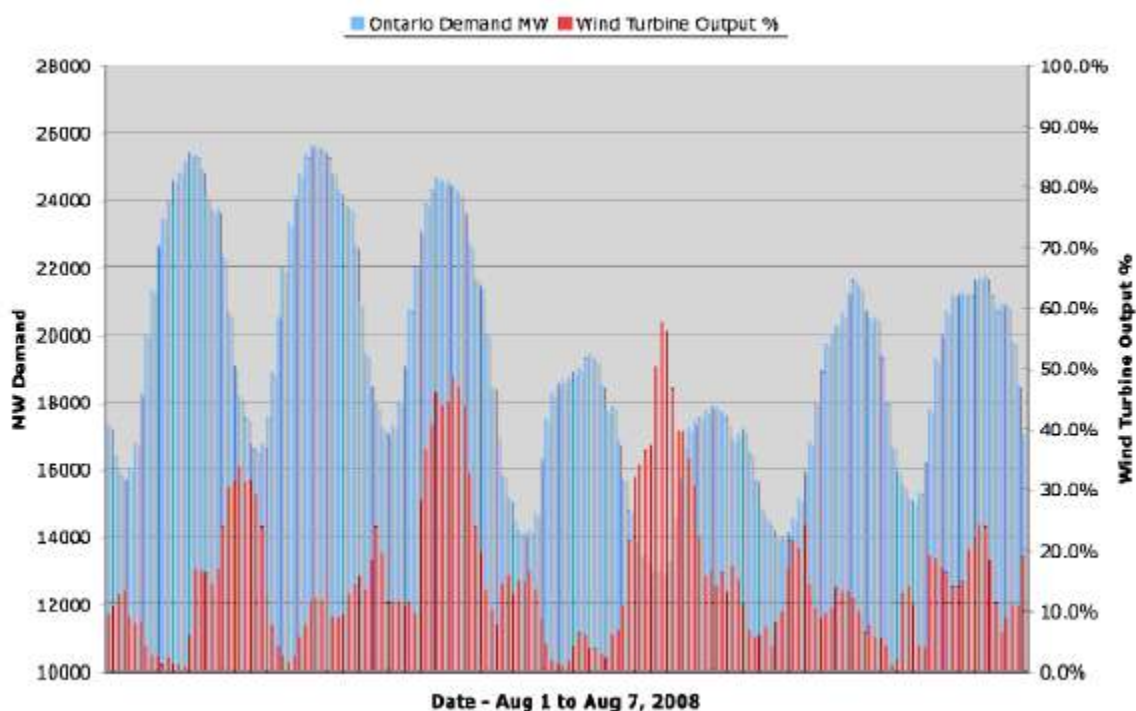
On January 24, 2009, three delegates from Wind Concerns Ontario met with then minister of energy George Smitherman. He said to them, “I will listen to you, but I’m not changing my mind.”

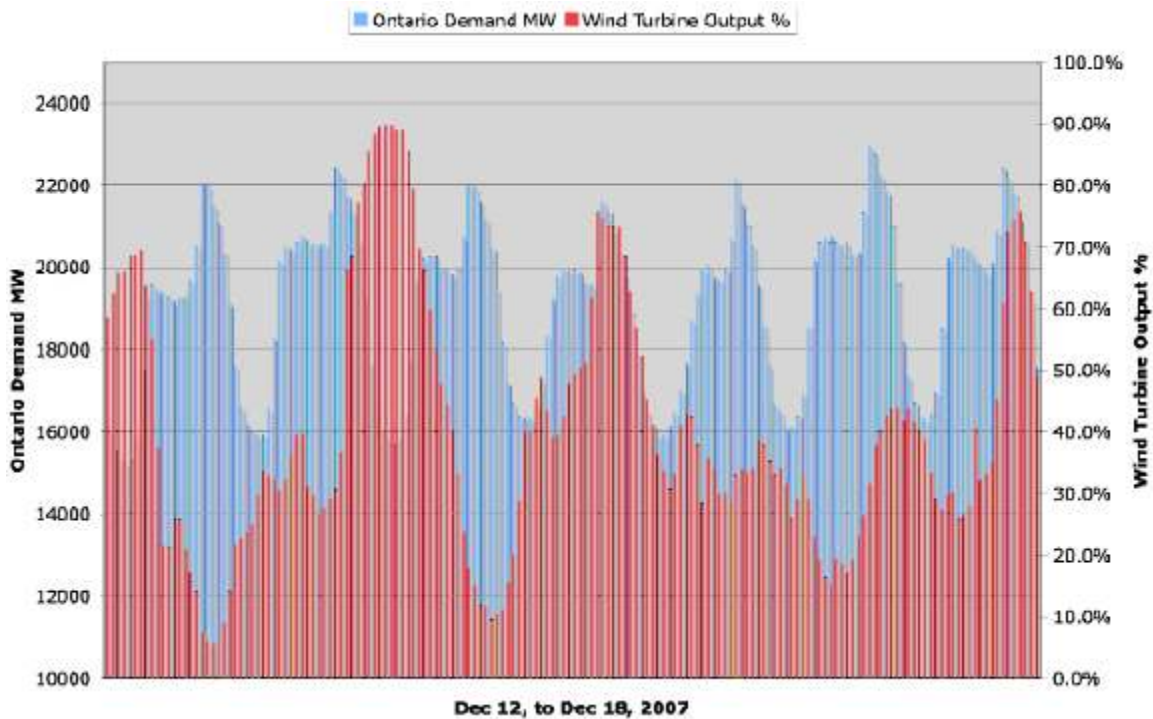
Premier McGuinty said in a London press conference, “Nimbyism will no longer prevail when it comes to putting up wind turbines.”

The Liberal Government later that year went on to pass the Green Energy and Economy Act, which suspended municipal planning rights when it came to green energy projects. Only the PCs had the foresight to vote against this bill.

In the Smitherman meeting the delegates explained to the minister that wind power was largely out-of-sync with demand, often producing power when not needed and not producing when needed.

Ontario Demand and Wind Output





The government went on to contract for over 4,000 MW of wind power until they decided to stop in September 2016.

By August of 2016, the government was very much listening because of the outcry over skyrocketing power rates. I met with then minister of energy Glenn Thibeault in Sudbury on August 6. I told him, "We spill water at the hydro dams to make way for wind power to give to the Americans. If you would stop contracting out any more wind or solar projects, you could at least levelize the price of power." He said, "I want to get the price of power down." In September to everyone's surprise, he pulled the plug to anymore green energy contracts, saving the province \$2.3 billion.

Ontario Power Generation (OPG) did not use to spill water at their hydro dams, not until the mass deployment of wind turbines.

Water Spilled

Homes Equivalent

2012	None	
2013	1.7 TWh	188,888 Homes/Month
2014	3.2 TWh	355,555 Homes/Month
2015	3.2 TWh	355,555 Homes/Month
2016	4.7 TWh	522,222 Homes/Month
2017	5.2 TWh	577,777 Homes/Month
2018	3.2 TWh	355,555 Homes/Month
2019 to Q3	2.9 TWh	

In the first 9 months of 2019, OPG was paid to spill enough water to have supplied 430,000 homes with power in each of those months.

“Reducing hydroelectric production, which often results in spilling of water, is the first measure used by the IESO (Independent Electricity System Operator) to manage SBG (Surplus Baseload Generation) conditions.” OPG 2016 Annual Report.

IESO allowed more wind power to run than hydroelectric power for 9 hours on Dec 8, 2019. In a 2016 long term energy plan meeting, ministry of energy officials told me this kind of thing was unacceptable.

We are paying around a billion dollars/year to have gas-fired plants sit idle, plants built to back up wind power.

The Global Adjustment has surged as the capacity of wind power increased. HOEP is Hourly Ontario Energy Price. GA is Global Adjustment.

The Global Adjustment is set monthly to reflect:

Year	HOEP	GA
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2008	5.17	.61
2009	3.16	3.06
2010	3.79	2.72
2011	3.15	4.02
2012	2.41	4.92
2013	2.65	5.92
2014	3.60	5.46
2015	2.36	7.78
2016	1.66	9.66
2017	1.58	9.97
2018	2.43	9.07

1) The differences between the wholesale market price for electricity, known as Hourly Ontario Energy Price (HOEP) and:

- Regulated rates for Ontario Power Generation's nuclear and hydroelectric generating stations
- Payments for building or refurbishing infrastructure such as gas-fired and renewable facilities and other nuclear, as well as the contracted rates paid to a number of generators across the province

2) The cost of delivering conservation programs

The Global Adjustment is not charged on exports, causing us to lose billions of dollars. When wind power surges and demand is low, the price often drops to 0.00 cents/kWh. Often all wind power is in the net export category .

Net Exports	Homes Equivalent	Global Adjustment Loss
2008 10.9 TWh	1,211,111 Homes/Month	\$66,490,000
2009 10.3 TWh	1,114,444 Homes/Month	\$315,180,000
2010 8.8 TWh	977,777 Homes/Month	\$239,360,000
2011 9.0 TWh	1,000,000 Homes/Month	\$361,800,000
2012 9.9 TWh	1,100,000 Homes/Month	\$487,080,000
2013 13.4 TWh	1,488,888 Homes/Month	\$793,280,000
2014 14.2 TWh	1,577,777 Homes/Month	\$775,320,000
2015 16.8 TWh	1,866,666 Homes/Month	\$1,307,040,000
2016 13.9 TWh	1,544,444 Homes/Month	\$1,342,740,000
2017 12.5 TWh	1,388,888 Homes/Month	\$1,246,250,000
2018 10.2 TWh	1,133,333 Homes/Month	\$925,140,000

Wind power has first right to the grid. This forces the hand of the IESO to deal with it. They either have to accept it or pay it to sit idle. Now we are in a position where both wind power is being curtailed and water spilled at the hydro dams at the same time.

In 2019, 2.3 TWh of wind power was paid 12 cents/kWh to sit idle, costing us \$276,000,000. We pay 13.5 cents/kWh for most of what we buy.

2.3 TWh can supply 255,555 Homes/Month for an entire year. In June 2019, 45% of forecast wind power was paid to sit idle.

In hour 16 of January 6, 2020, we purchased, curtailed, and then exported the wind power we bought when the price was zero. Including the uncharged Global Adjustment we lost \$791,333. The wind power created the low price and the necessity to export.

On the 2019 Thanksgiving Day Weekend, with huge wind power production we lost over \$51,000,000 buying, curtailing, and dumping surplus wind power on the export market, power that could have supplied 240,000 homes for a month.

Why are we importing power while paying generators to sit idle?

The green energy plan has led to giving us amongst the highest rates in North America. It has led to the injury and loss of industries and energy poverty. It is being artificially covered up by borrowing billions to subsidize the price of power. For years we paid the debt retirement charge to reduce the hydro debt, and it worked. Now we are reversing those gains to leave for the next generation to pay.

Ford is spending \$1.45 billion on their plants in Detroit, adding 3,000 jobs. If things continue as they are, we will be supplying them with free power to run them.

We need fast action to prevent further losses.

The government has taken some good steps by cancelling many contracts, but more is needed. Quebec and Manitoba make billions exporting power. We can do it, too.

Recommendations

- 1) Wind Power is expensive, intermittent, and out-of-sync with demand. Don't contract anymore of it and get rid of it at the end of their contracts.
- 2) Charge the Global Adjustment on export orders.
- 3) Replace the Industrial Conservation Initiative (ICI) with a no strings attached industrial power rate competitive with US rates. The ICI hamstrings industry and some can't make it work, as it requires them to cut power consumption on the five peak days of the year.
- 4) Stop importing power when we have generating capacity available.
- 5) Give small businesses the option of having a flat power rate, as they have no way of shifting their load to off peak hours.