

MPP calls hydro plan 'expensive scheme'

By Sarah Sobanski

The Ontario government is predicting electricity bills will drop by 25 per cent on average for all residential customers.

A press release by the province stated the reductions will come as a part of a significant system restructuring that will address long-standing policy challenges and ensure greater fairness. Ontario's Fair Hydro Plan will come into effect this summer. Rate increases over the next four years will be held to the rate of inflation for everyone as a part of the plan.

'The changes announced today will provide significant relief, particularly for those who need it the most - our fixed-income, rural and northern customers and small businesses,' said Mayo Schmidt, Hydro One's CEO, in a release by Hydro One. 'Ontario households and small businesses could start to see their bills drop by an average of 31 per cent each month as early as this summer.' Official energy critic for the Opposition and local MPP Todd Smith didn't seem convinced that the province's plan would work. 'What I see today is a plan that doesn't address the actual problem, which is the rising cost of electricity is attributed to these sole-sourced renewable energy contracts. We're seeing these contracts actually continue. The biggest generator of cost in the electricity system is generation,' said Smith.

The Hydro One release said the province plans to 'reduce the global adjustment charge by 20 per cent, lower the delivery charge for low-density customers, accelerate the move to more fixed delivery charges, introduce an affordability fund to help those customers in need, and introduce a First Nations electricity rate.' It said the government initiatives are a result of discussions with 'interested parties including Hydro One.' The Flip the Switch campaign included 28 senior executives from the company speaking with more than 800 customers on Feb. 16.

'They're saying that they're going to reduce the global adjustment. They're not actually going to reduce the global adjustment; they're moving the global adjustment to OPG which is basically setting up toxic debt which is going to take some of the global adjustment over the next four years. It's going to accrue interest,' Smith said.

Low income and eligible rural communities will see greater reductions. The reduction includes the eight per cent rebate from January. It will be the largest reduction to electricity rates in the province's history, the province says.

With the rebate included in the new reductions, some area residents were skeptical of what a 25 per cent reduction would actually look like. Questions arose about who would pay for the reductions, if they were just being moved onto the backs of future generations and if there would be a reduction at all.

'Is it a 25 per cent of what part of the bill?' asked Wayne Tays responding to a call for comments on *Bancroft This Week's* Facebook page. 'Total would be the proper thing to do, but as I see it, the last decrease was not on the bill - just eight per cent of the HST - big difference from the total bill. Maybe that is the new way to do math - but this doesn't make me feel like a decrease of 25 per cent [is] the bottom line.'

The province's press release blamed a \$50 billion deficit in generation 'by under-investment in the electricity system by governments of all stripes.' The investment in 'generation, transmission and distribution assets [was] to ensure the system is clean and reliable.'

The province suggested improvements to electricity infrastructure will last for a long time. This has allowed it to stretch the costs out. The government will also now support the Ontario Electricity Support Program, and 'other important programs,' taking them from the backs of ratepayers.

'All they're doing with this plan is extending the mortgage over a 30-year period - so not only are my kids going to be paying for the electricity that we're putting on the grid today, but my grandkids are going to be paying for that electricity too and the mistakes that the Liberals have made over the last 10 years,' said Smith.

With this commitment the release stated the province is launching a new affordability fund, enhancing the existing OESP - providing up to \$276 per year for households of eligible size and combined income - expanding the Rural or Remote Rate Protection program and providing on-reserve First Nations households with a delivery credit worth 100 per cent of the delivery line on their monthly bills. 'The Affordability Fund would be accessible to Local Distribution Companies (LDCs) for customers who do not qualify for low-income conservation programs and who are unable to undertake energy efficiency improvements without financial assistance,' the press release says. The RRRP expansion will give charge relief to about 800,000 customers serviced by local distributors.

In an email shared with *Bancroft This Week*, Smith said the Ministry of Energy had confirmed the HST rebate would cost \$1 billion annually and rebate programs would cost \$833 million over three years - each would be paid from general revenues or the province's tax base. He also suggested the new initiatives would cost billions of dollars in interest that would eventually end up on hydro bills -

a ?conservative estimate? at \$25 billion over the 30 years. Refinancing the global adjustment would cost \$2.5 billion per year over 10 years.

The release stated, ?Notwithstanding that hydro rate relief costs will add significant pressure on the fiscal framework, the province continues to project a balanced budget for 2017-'18, and will provide a full update on its fiscal plan in the spring budget.?

The release blamed the elimination of Ontario's power generation through coal to ?produce clean, renewable power as well as policies put in place to provide targeted support to rural and low-income customers, [for] hav[ing] created additional costs.?

?The burden of financing these system improvements and funding key programs has unfairly fallen almost entirely on the shoulders of today's ratepayers. To relieve that burden and share costs more fairly, two system fixes are being undertaken,? stated the release.

?It's a very, very expensive scheme that is not solving the problem which is the excess generation ? the high cost generation that continues to go onto the grid ? and they haven't addressed that issue,? said Smith.