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**Standing Committee on
Justice Policy**

Fair Hydro Act, 2017

2nd Session
41st Parliament

Tuesday 23 May 2017

**Comité permanent
de la justice**

Loi de 2017 pour des frais
d'électricité équitables

2^e session
41^e législature

Mardi 23 mai 2017

Chair: Shafiq Qadri
Clerk: Christopher Tyrell

Président : Shafiq Qadri
Greffier : Christopher Tyrell

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CONTENTS

Tuesday 23 May 2017

Fair Hydro Act, 2017, Bill 132, Mr. Thibeault / Loi de 2017 pour des frais d'électricité équitables, projet de loi 132, M. Thibeault	JP-403
Niagara-on-the-Lake Hydro	JP-403
Mr. Timothy Curtis	
Ms. Tanya Giles	JP-405
Mr. Joe Krmpotich	JP-408
Ontario Energy Association	JP-410
Mr. Vince Brescia	
Mr. Tom Adams	JP-413
Mr. Alan Whiteley	JP-415
CUPE Ontario	JP-417
Mr. Fred Hahn	
Keep Hydro Public	JP-419
Ms. Doly Begum	
Independent Electricity System Operator	JP-421
Mr. Bruce Campbell	
Ms. Kimberly Marshall	
Citizens Coalition Against Privatization of Hydro One	JP-423
Mr. Rosario Marchese	
Ms. Tina Faibish	JP-426
Hydro One Not For Sale	JP-428
Ms. Ange Thompson	
Ms. Libby Keenan Lindner	JP-430
Ontario Power Generation	JP-432
Mr. Jeff Lyash	
Ontario Energy Board	JP-434
Ms. Mary Anne Aldred	
Mr. Brian Hewson	
Ontario Public Service Employees Union	JP-437
Mr. Smokey Thomas	
Ontario Greenhouse Alliance	JP-439
Mr. Jan VanderHout	
United Way of Bruce Grey	JP-441
Ms. Francesca Dobbyn	

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON JUSTICE POLICY

COMITÉ PERMANENT DE LA JUSTICE

Tuesday 23 May 2017

Mardi 23 mai 2017

The committee met at 1000 in room 151.

FAIR HYDRO ACT, 2017

LOI DE 2017 POUR DES FRAIS D'ÉLECTRICITÉ ÉQUITABLES

Consideration of the following bill:

Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998 /
Projet de loi 132, Loi édictant la Loi de 2017 sur le Plan ontarien pour des frais d'électricité équitables et modifiant la Loi de 1998 sur l'électricité et la Loi de 1998 sur la Commission de l'énergie de l'Ontario.

Le Président (M. Shafiq Qadri): Chers collègues, j'appelle à l'ordre cette séance du Comité permanent de la justice.

Colleagues, as you know, we're here to consider Bill 132, An Act to enact the Ontario Fair Hydro Plan Act, 2017 and to make amendments to the Electricity Act, 1998 and the Ontario Energy Board Act, 1998.

I commend all of my colleagues, since the House is not even sitting and Parliament is actually in recess, for doing the people's work on off-time.

NIAGARA-ON-THE-LAKE HYDRO

The Chair (Mr. Shafiq Qadri): Our first presenter will have, like others, five minutes in which to present, followed by three three-minute rotations. Timothy Curtis, president of Niagara-on-the-Lake Hydro, please come forward.

Mr. Curtis, you've seen the drill. Timing is enforced with military precision. I invite you to be seated. Your time begins now.

Mr. Timothy Curtis: Thank you for the opportunity to present to this committee. I'm going to read my remarks, but they are also in the package passed to you.

If you are wondering why I am here and why Niagara-on-the-Lake Hydro, a small, local distribution company owned by its town, has been so active on Ontario electricity issues, the reason is simple. Our services are only around 15% of our customers' total electricity bill, and we have one of the lowest delivery costs in the province. We focus very closely on the costs of our service, but the impact of our actions is limited.

The biggest part of our customer's bill, and the part that has risen so much, is the cost of electricity generation. If, by our efforts, we can reduce that cost, we will have provided our customers the biggest service possible. As a result, overall, we support the fair hydro plan. However, there are ways it could be substantially improved, and I would like to provide these suggestions to you now.

We support moving the OESP to funding by provincial revenues. It is a social program rather than an electricity program. However, we question why you are continuing with this complex and expensive approach to delivering this benefit. A refundable tax credit would be simpler, and have higher uptake and lower administration costs.

We support moving the rural and remote rate protection to funding by provincial revenues. However, this move, and the previous increase in the RRRP, would not have been necessary if Hydro One distribution had controlled its costs like most municipally owned LDCs.

Distribution rates for municipally owned LDCs have increased, on average, at around the rate of inflation over the last 10 years. This is around 20%. Distribution rates for Hydro One rural customers have gone up around 70% and can be over \$100 for an average customer. If you were a customer of an LDC that Hydro One purchased at around the time of the market opening, then the rates have more than doubled. There is a chart in your package with full details.

To be clear, I know rates must be higher in rural areas due to the low density, but they should not be going up faster. We recommend breaking up Hydro One between transmission and distribution, as was originally proposed in the Ed Clark reports, and then breaking up the distribution business further.

We support the 8% rebate funded by provincial revenues. However, we disagree with not extending it to all business customers. Businesses are suffering from the high electricity costs as much as residential customers, and they create jobs. We recognize that this will double the cost, but if we are going to fix mistakes, let's fix them for everyone.

We support the reduction in the global adjustment. Again, we believe it should be extended to all customers rather than just residential and small business customers. If you did this, you could cancel the ICI program in which only limited businesses can participate and which has a number of negative aspects.

Most importantly, though, we do not support borrowing the OPG balance sheet and creating a massive debt that will have to be paid by future electricity customers. The high cost of electricity is driven by procurement mistakes that we estimate are costing Ontario electricity consumers over \$3 billion a year. The fair hydro plan basically acknowledges this. We also know that these costs cannot be avoided. Contractual commitments have been made.

Previous governments have tried this deferral trick before; the result was much of the stranded debt in 1999 and then the growth in the stranded debt in 2003 and 2004. Let's be responsible and fund this reduction with provincial revenues either annually or, even better, up front.

All of the above parts of the fair hydro plan are nice, but they are also just financial engineering. None of them get rid of any of the real costs in the system. The fair hydro plan talks about potential future savings, but there is nothing concrete. What we really need is the hard, unsexy work of removing costs from the system. Here are a few ideas:

Cancel FIT 5: The government has announced there will not be a FIT 6, but why do we still have a FIT 5? And are there other contracts that we can cancel or buy out more cheaply?

Cancel the CDM program: It costs over \$400 million a year and we have a surplus generation anyway.

Cancel the MDM/R: It is costing \$50 million a year and LDCs do not need it for time-of-use billing.

As previously discussed, break up Hydro One and create smaller distribution utilities with a governance that is regional and consumer focused. We can bring down rates to customers.

Do we need a market price and the associated costs of running a market when over 90% of supply is on contract or a regulated price? I do not know the answer to this but it is worth investigating.

Finally, the very need for the fair hydro plan came about because some basic rules of investing were ignored. Perform rigorous cost/benefit analysis before every investment decision. Allow an independent, knowledgeable body, potentially the OEB, the authority to review the cost/benefit analysis—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Curtis. That's the five minutes for introductory remarks. Our first line of questioning begins with the PC Party, the honourable MPP Todd Smith.

Mr. Todd Smith: Mr. Curtis, good to see you this morning. Thanks for coming in. I appreciate your honesty on Bill 132.

I'm just curious: The fair hydro plan, what has that meant for your distribution company as far as the cost to advertise the 8% rebate? And then, what will it cost when the fair hydro plan comes into effect? As far as stationery and staff time and those types of things, do you have any idea?

Mr. Timothy Curtis: I honestly do not have an idea. It's a bill insert, so we're able to do those basically as

part of our negotiations anyway, because we have those continuously. It would really just be the cost of the paper and the cost of the advertising. The major cost would be any software changes needed to adapt to our system.

Mr. Todd Smith: So there will be costs involved to advertise this savings for the government?

Mr. Timothy Curtis: There are some, yes.

Mr. Todd Smith: Who ultimately pays for that?

Mr. Timothy Curtis: They're included in our costs, so ultimately they get passed on to our customers, yes.

Mr. Todd Smith: Right. So it will increase the cost of electricity?

Mr. Timothy Curtis: Yes.

Mr. Todd Smith: Yes. Do you believe that the Ontario Energy Board has enough independence from government?

Mr. Timothy Curtis: No. I believe I made that statement. In fact, its independence has been eroded over the last number of years, particularly with the most recent bill. There have been—I think the number is up to 20 directives to the OEB from the government since market opening. Some of them are actually contradictory. It's clear by some of the OEB's decision-making that they are being made based on government policy, not based on any analysis that they have performed. So they have become less independent.

Mr. Todd Smith: Right, less arm's length—

Mr. Timothy Curtis: Very much.

Mr. Todd Smith:—than they would lead you to believe on the government side.

In your opinion, and you touched on this, are rate-payers getting any benefit from the CDM, the conservation and demand management program?

Mr. Timothy Curtis: Certainly some of the businesses are able to take advantage of it, though as one business owner told me, "I pay for it here and I get it back here."

But I'm speaking about it more from an industry point of view. It is not creating offsetting savings to justify its cost. Certain businesses and certain towns do get good advantage of it, because the money has got to go to somebody, but if you look at it from the average consumer, they're worse off.

Mr. Todd Smith: The money from the CDM program, how could that be better spent?

Mr. Timothy Curtis: We would argue we would rather not spend it. Certainly, I think it should be much more targeted—a lot less of it is needed, and much more targeted in terms of what it's there for.

Mr. Todd Smith: In your opinion—you mentioned this earlier—the government continues to make the same mistakes that have driven up the cost of electricity when it comes to adding new generation to the system. Would you expand on that, in 15 seconds?

Mr. Timothy Curtis: Yes. As I said, let's stop signing any more contracts.

Mr. Todd Smith: Yes. Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Smith. To the NDP: Mr. Gates.

Mr. Wayne Gates: Thank you very much. Good morning, Tim. How are you, buddy? We're really here to hear the presentation on behalf of Niagara-on-the-Lake, which obviously is in my riding. I would like to open this with a straightforward question for you. This plan still commits to the sell-off of Hydro One. Do you believe selling off Hydro One has been in the best interests of the residents of Ontario?

1010

Mr. Timothy Curtis: We approach this slightly differently—

Mr. Bob Delaney: Chair?

The Chair (Mr. Shafiq Qadri): Mr. Delaney. Your time is upheld, Mr. Gates.

Mr. Bob Delaney: Chair, I'd like to raise a point of order on this. The sale of Hydro One is not opened in this particular bill. I would like to ask the Chair for a ruling on whether discussion of legislation that has not been opened in this bill is in order.

The Chair (Mr. Shafiq Qadri): I think your point is well taken, but I would respectfully encourage all members—and, of course, our presenters—to speak to the issue at hand. There is obviously some leeway with regard to electricity pricing in general; it's a broad topic. But your point is well taken. Mr. Gates—Mr. Tabuns.

Mr. Peter Tabuns: Yes, if I could just say that if you're talking about electricity prices, you're talking about the factors that feed into the upward pressure on electricity prices. So talking about all of the factors is entirely legitimate.

The Chair (Mr. Shafiq Qadri): Thank you, correct. Please go on.

Mr. Wayne Gates: Thank you very much. Go ahead. Sorry about that.

Mr. Timothy Curtis: Sure. Our view on the sale of Hydro One is—I mean, we don't have a strong opinion either way in terms of whether it's privately owned or publicly owned. Our concern is with the fact that the distribution of Hydro One has a very poor record, and all you have to do is look at how the rates have performed over the last 10 years to see that. On the flip side, I would say Hydro One transmission has kept their rates within the rate of inflation and is very well respected. Why not split the two, as was originally proposed? And then, further, why not re-break down the distribution business to more local companies where you can get local governance that are more focused on customer issues?

Mr. Wayne Gates: So as a local government, how do your rates compare?

Mr. Timothy Curtis: We have the lowest rates in the Niagara region and, according to the Financial Post, we're about the sixth or seventh lowest in Ontario.

Mr. Wayne Gates: I think that's important to say.

I know you had a chance to meet with each party on this topic. Can you comment on how this plan compares to the other parties' plans to address the hydro crisis?

Mr. Timothy Curtis: With all respect to Mr. Smith, they don't have a platform yet, so I really can't comment on what's not out there.

I mean, obviously this is the most aggressive in terms of reducing prices, so, as I said, we support this from that point of view. Our position was that with all of these expensive high-priced contracts out there, we need to write them off down to what the real price of electricity should be. This effectively does that, but we would rather see it all done at once.

Mr. Wayne Gates: Okay. This was sort of touched on by the PCs. Do you feel the OEB mandate is currently best serving the people of Ontario, and if not, how could this be addressed? And I know you've talked on this quite a bit before.

Mr. Timothy Curtis: We believe that even though they're our regulator and we're going to be doing battle with them soon with our rate application, we still support a fully independent Ontario Energy Board that can provide independent analysis.

Mr. Wayne Gates: Okay. I can tell you a few things that make people angry in Ontario, and that's the fact that we're selling our power at a loss to the United States. What do you recommend should be done when it comes to the issue of oversupply of energy?

Mr. Timothy Curtis: Right. That's because the IESO has not been able to properly plan for the matching of generation and the use because of a lot of these contracts are for wind and solar where you can't control—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Gates. To the government side and Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Chair. Mr. Curtis, how many customers do you have at Niagara-on-the-Lake Hydro?

Mr. Timothy Curtis: Nine thousand.

Mr. Bob Delaney: Nine thousand. Last Thursday, I was out at Niagara Peninsula Energy to discuss the Fair Hydro Act. What differences do you have with your sister distribution company on this? They seem to be very much in favour of it.

Mr. Timothy Curtis: Well, I think I stated that we do support it. It's not that we're not in favour of it; we just have suggestions for improvements. I have not discussed this with NPEI, so I can't comment on what our views would be.

Mr. Bob Delaney: What are you doing at Niagara-on-the-Lake Hydro to promote conservation?

Mr. Timothy Curtis: We're actually one of the top performers in terms of conservation promotion. I don't know the exact number, but we're certainly well above 50% in terms of our performance based on the IESO results that came out I think in April. One of our staff members is fully focused on it.

Mr. Bob Delaney: Thank you, Chair.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Delaney, and thanks to you, Mr. Curtis, for your deputation on behalf of Niagara-on-the-Lake Hydro.

MS. TANYA GILES

The Chair (Mr. Shafiq Qadri): Our next presenter is Tanya Giles. Please come forward. Welcome, Ms.

Giles. Please be seated. You've seen the drill. You have a five-minute opening address and then questions by rotation, each party. Please begin now.

Ms. Tanya Giles: I would like to thank you for the opportunity to make this presentation on Bill 132. My name is Tanya Giles. I'm a wife, a mother, a ratepayer and a senior administrator of the Facebook page Take Back Your Power Ontario. We have a very active page that is currently building a coalition of hydro Facebook pages across the province, that collectively have a reach of over 1.5 million people a week. That said, I know that what I share with you today is reflective of millions of Ontarians across the province.

Ontario is a province in crisis. The last 14 years of Liberal government have brought us the clean energy act, costing us billions in green energy contracts; smart meters that do not work; a faulty accounting system; and multi-million-dollar salaries for Hydro One executives, while families are pinching pennies to pay their hydro bills.

However, the most disturbing of all was the sale of Hydro One, a crown corporation strategically designed to take profits and re-invest them into our schools, hospitals and roads. The Ontario Liberals, behind the backs of the PCs and the NDP, put a plan in place and rushed the mandate through. Even though 83% of Ontarians are against the sale of our crown corporation, the sale of shares continued.

What deeply concerns me and millions of Ontarians is the way Bill 132 is being rushed through the Legislature. History has clearly demonstrated that Liberal energy file mandates that become legislation have not ended well for Ontarians.

The role of the official opposition and the third party is to evaluate the legislation put forward and act on behalf of the people, to review and make suggestions. When they have no material to advise on, and when leaked documents provide pause as to long-term costs, with the Liberals admitting they have yet to evaluate those numbers, the question becomes, "Why the rush?"

The Liberals have put forward a plan that Ontarians don't know much about. We believe the carrots of promises of discounts on our bills over the short term come at a very high price: the future of our province. The leaked documents serve to prove to us that the Liberals either know that hydro costs will skyrocket and this temporary reprieve is an election tactic, or are grossly incompetent in their planning.

We have heard the excuses as to the document in question not being reliable, but when they ask for specific information, the opposition and third party are attacked and the Liberals take an offensive position, instead of engaging in a collaborative dialogue.

How can we, as Ontarians, put our faith in a bill when the information put forward is wrapped up in rhetoric and political propaganda? We feel the Liberals are underestimating the intelligence of Ontarians, and we are not interested in the vanity ads. We need to see the plan's analysis and tangible evidence. We need to see a plan

that breaks down the costs, both in the long and short term.

The NDP put forward a plan, and the Liberals dismissed it and then pointed to the Progressive Conservatives as not having a plan. Do you want to hear what the people of Ontario thought of that? By and large, the people of this province believe that it is not the responsibility of the NDP or the PCs to come up with a plan to fix this energy crisis. That job lies squarely at the feet of the party who put us in this mess. The time for finger-pointing and historical rhetoric is over.

The leaked document holds some validity in that it has proven that the Liberals do not know the long-term ramifications of this plan. From our vantage point, I can share that the people have no faith in this plan. Moreover, it's appalling that, once again, the Liberals, with their majority government, are going to abuse that power and push this bill through. That, in and of itself, is not lost on the voting public.

We are asking, with all due respect, that this bill be taken off the table and that all parties are given the opportunity to review and build on this document. The issues here are far too important.

I have travelled six hours today to speak to you for five minutes. I fear for my community of Manitoulin Island, where we have a system that needs upgrades and suffers from frequent outages; where our delivery fees are unmanageable and we see no benefit from the costs; where families are up for disconnection, and businesses are closing their doors. The clean energy act has failed us.

I implore that a realistic approach be taken in tackling the root problems we are facing with the energy sector. The fair hydro plan is not a solution, and everyone knows this. If you are voting in favour of this plan for the benefit of your party and not for the people of Ontario, you are here for the wrong reasons.

I hope, in closing, that I have made clear that myself and the millions of people that our Facebook page coalition reaches are not in favour of the fair hydro plan, and we do not see it as a solution to the problem. It's a bill we cannot afford.

Thank you for your time.

The Chair (Mr. Shafiq Qaadri): Thank you, Ms. Giles. To the NDP to lead off: Mr. Gates.

Mr. Wayne Gates: To Peter.

The Chair (Mr. Shafiq Qaadri): Mr. Tabuns.

Mr. Peter Tabuns: Ms. Giles, thank you very much for taking the time to come here today. We appreciate your efforts. Can you tell us again why people don't have faith in this hydro plan that has been put forward by the Liberals?

Ms. Tanya Giles: Because it's being rushed through, like many other things have been rushed through.

The long term: We see a four-year reprieve, and then after four years, the rates will increase and we'll be paying more than we ever have. My children and my grandchildren don't deserve that.

Mr. Peter Tabuns: No. Fair enough. You mentioned frequent outages on Manitoulin Island. Constantly, when I hear from the government, they say that rates have to go up so that we have reliable power. Is it reliable in your area?

Ms. Tanya Giles: No. In the month of April alone, we had six power outages, three of which were scheduled. In two of those scheduled outages, we didn't get our power back when they said we were going to have it back. We were two to three hours late getting it back on. The other three times were not planned. And that's not just a little flicker; that's the power off for hours on end.

1020

Mr. Peter Tabuns: This is fairly common in your area?

Ms. Tanya Giles: Yes.

Mr. Peter Tabuns: My goodness. All right.

Ms. Tanya Giles: When it gets windy, we prepare water, because the power's probably going to go out.

Mr. Peter Tabuns: All right.

You mentioned the government rushing this legislation through this Legislature. Certainly it's a concern that we have. Do you or anyone that you've talked to have a sense of what the numbers would show if they were dug into? What is your worry about the lack of information on this?

Ms. Tanya Giles: That it's not getting enough time. There should be more information coming forward that we as Ontarians can go by to make a judgment, as opposed to one leaked document that we're being told is not accurate. So how can we have a plan on one inaccurate document?

Mr. Peter Tabuns: Mr. Gates?

The Chair (Mr. Shafiq Qaadri): Mr. Gates.

Mr. Wayne Gates: I've just got to ask you a question, because I was really—you drove six hours to come here today for a five-minute presentation.

Ms. Tanya Giles: I did, yes.

Mr. Wayne Gates: Do you think that's fair and reasonable on behalf of the residents of your community? And do you think it would be fair and reasonable to ask the government that we hold a town-hall meeting in your community so all the residents of your community can listen to this plan?

Ms. Tanya Giles: I agree. I do agree. I think many northern communities would benefit from that as well. I think they should all have the right to have a say.

Mr. Wayne Gates: So do I. It's a long drive for five minutes, and I don't think it's fair or reasonable that you're being asked to do that.

Ms. Tanya Giles: I'm happy that I got the opportunity today, though. I am.

Mr. Wayne Gates: Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you. Gentlemen, you have 20 seconds if you like.

Mr. Peter Tabuns: You're opposed to the Hydro One sell-off because—

Ms. Tanya Giles: Because it's ours. Because we're being told that this is like a mortgage, right? We're

extending it and we're going to be paying a mortgage on something we don't own. Why should I have to pay for something I don't have?

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns and Mr. Gates. To the government side: Mr. Delaney.

Mr. Bob Delaney: Thank you very much for your thoughts. What is the reason for the outages that you referred to?

Ms. Tanya Giles: We don't know. I don't know. If the wind picks up or if we get a little bit of rain, the chances of the power going out are very good.

Mr. Bob Delaney: Do you think it's important at this time to reduce Ontarians' electricity bills?

Ms. Tanya Giles: I do. I know in my community people are—

Mr. Bob Delaney: Did you submit a written brief along with your oral presentation?

Ms. Tanya Giles: No, I did not.

Mr. Bob Delaney: I appreciate you taking the time to drive in. Did you consider making your brief by teleconference to save yourself the trip?

Ms. Tanya Giles: I did, but I was encouraged to come here in person.

Mr. Bob Delaney: Okay. Who encouraged you?

Ms. Tanya Giles: My MPP.

Mr. Bob Delaney: Oh, okay. Thank you, Chair. Those are our questions.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Delaney. To the PC side: Mr. Walker.

Mr. Bill Walker: Thank you very much. I'm just across the pond from you at the other end of the Chi-Cheemaun. Credit to you to drive six hours. Frankly, I think it's important that people see you face to face, not just by teleconference, so thank you for making that effort.

As a northern resident, can you give me an idea about how much your average delivery charges are every month?

Ms. Tanya Giles: The delivery charges can be upwards of 100% of what your bill is. People have paid up to 150% of their bill in delivery charges. They're ridiculous.

Mr. Bill Walker: Absolutely. Many of mine are the same and, certainly, in extreme northern Ontario, even more. In the petition that you created, you stated that you wanted to see no further billing to rural customers for line loss charges. How would you prefer to see them accounted for?

Ms. Tanya Giles: I'm not too sure how that would be done, honestly.

Mr. Bill Walker: But it's a concern you have and, obviously, an area that you feel needs to be addressed as part of the solution.

Ms. Tanya Giles: We have windmills right in our backyard; we have a hydro generation station. All that power's generated on Manitoulin Island, it's shipped away, and we have to pay to bring it back, so I feel we're defeating the purpose in a sense.

Mr. Todd Smith: In your opinion, have you seen any improvement in customer service at Hydro One over the last year?

Ms. Tanya Giles: Me, personally?

Mr. Todd Smith: Yes.

Ms. Tanya Giles: I have. I call Hydro One every month—it's a given—and I've noticed, yes, that they're easier to get along with now, I guess you could say.

Mr. Todd Smith: Yes, there were a lot of complaints over the last four or five years. You were calling them every month?

Ms. Tanya Giles: I still call them every month.

Mr. Todd Smith: With what kind of complaints?

Ms. Tanya Giles: So many. I don't even know where to begin. I call on behalf of myself. I call on behalf of other people. For an example, the last time I called them, I had had a woman come to me with her bills. She received eight bills on one day from Hydro One—one for \$1,000, one for a credit of \$500, another for \$1,400—and she just had no idea what she was supposed to do. So our group, Take Back Your Power Ontario, helped her. We also spoke with Hydro One to help her figure out the problem.

Mr. Todd Smith: In one article, you said that you had called the OEB to report a problem with your smart meters locally. What was the response you got from the OEB?

Ms. Tanya Giles: That it can be sent to Measurement Canada. And that's about it.

Mr. Todd Smith: No solution to rectify the problem?

Ms. Tanya Giles: None. I asked them to replace it. I was told no; they have no problem on their end, so—

Mr. Todd Smith: And was it a problem reading with the WiFi or the Internet, or was it—

Ms. Tanya Giles: My concern was that it was reading extremely high. There was no reason for my bills to be as high as they were.

Mr. Todd Smith: And how high were they? Sorry, I—

Ms. Tanya Giles: I was paying \$750 to \$900 a month for a 1,000-square-foot home.

Mr. Todd Smith: Yes, it's amazing. I represent a northern riding too, or at least part of my riding is in the north. There were a lot of issues, particularly in the North Hastings area and the Bancroft area, with faulty smart meters where people weren't getting readings. It's a big issue.

Ms. Tanya Giles: The next step with the lady we were just helping was to try to see if the smart meter is a problem in her building.

Mr. Todd Smith: Thanks for coming today. Appreciate it.

Ms. Tanya Giles: Thank you.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Smith. To the NDP: Mr. Gates.

Mr. Wayne Gates: We've already asked her. Do you want us to go again?

The Chair (Mr. Shafiq Qadri): Thank you, colleagues.

Thank you. We were so inspired to hear more of you, Ms. Giles. Thank you for your deputation and your presence.

MR. JOE KRMPOTICH

The Chair (Mr. Shafiq Qadri): We'll now move to our next presenter, who comes to us via teleconference: Mr. Krmpotich, who I understand is our NDP candidate in Sault Ste. Marie for the upcoming by-election. Are you there, Mr. Krmpotich?

Mr. Joe Krmpotich: Yes, I am.

The Chair (Mr. Shafiq Qadri): That's fine. You have five minutes of opening address and, as you'll likely know, a rotation of questions. Please begin now.

Mr. Joe Krmpotich: Thank you. Good morning, everyone. First I want to thank the committee for listening to my concerns for fighting hydro.

My name is Joe Krmpotich, and I'm a resident of Sault Ste. Marie. If there's one message that I want you to take away from my remarks this morning, it's that the families and businesses in Sault Ste. Marie can't handle any more hydro bill hikes. At home and at our local businesses, we've been pushed to a tipping point. It has got to stop. That's why I'm speaking against the Liberal government's plan.

I was troubled by Kathleen Wynne's scheme to borrow cash in order to provide a short-term subsidy on hydro bills. It sounds to me like a payday loan—a loan that comes due quickly, making the crisis you were in much, much worse.

In the case of the Liberal hydro borrowing bill, the documents provided to media on the day it was announced revealed that when the loan comes due, it will add as much as \$40 billion to Ontario's hydro debt. Kathleen Wynne hasn't come clean on how the money will be repaid. Of course, I think we already know the answer to that. We're all going to pay for it.

Recently revealed Liberal cabinet documents confirm that the payments will come due in the form of an extra charge on all of our hydro bills after the next election. Families in my community can't afford that.

I think of people like Jamie LaCross. Here's a young mom with two little boys in my community. I know NDP leader Andrea Horwath has described her situation to Premier Wynne before, and I'm not sure why it doesn't bother Ms. Wynne. Jamie's hydro bills were so out of control, she turned down the heat in her home and brought in propane heaters to keep her kids warm. Why are families being put into this situation by our own government?

I've spoken to businesses throughout the Soo—the owners of the M&M meat shop locations, for example—who say that the cost of electricity is hurting them, and preventing them from expanding and creating jobs.

I'm also aware that municipalities are struggling. As a city councillor, I know that years of the province down-loading costs have hurt cities and towns and the people who pay municipal taxes. Water treatment facilities,

community centres: They can't afford today's hydro bills, let alone further hikes. We can't afford higher hydro bills, period.

I want to touch on the fact that news broke last week outlining even further costs we didn't know about when it comes to the Liberal gas plant scandal. Moving two gas plants at the request of a few insiders cost \$1 billion. Now it looks like there's even more we taxpayers and bill payers will have to shoulder to get those plants online.

Even though our province is already producing far more power than we need, instead of producing affordable power for people, the Liberal government is signing contracts for the benefit of foreign corporations. Those contracts are at the expense of Ontario families.

When we look at our own hydro bills, I know what we see. We see a charge to pay private-sector contracts. We see a charge to pay for multi-million-dollar salaries for executives. We see a charge to pay for the Liberals' privatization of Hydro One. Now, we're at risk of seeing a charge to pay for the Liberals' hydro loan.

1030

I also want to point out that the Liberal government's hydro borrowing legislation is being rammed through the Legislature at a time when the community of Sault Ste. Marie doesn't have a voice. There is no MPP for our region right now. Our community has no voice. If that's not disrespectful to the people of Sault Ste. Marie, I don't know what is.

The final thing I want to say is that it doesn't have to be this way. The NDP has a detailed, very achievable plan on the table. It includes immediate relief. It cuts hydro bills by 30% and it fixes Ontario's hydro system for the long term, so hydro bills will stay down. It includes undoing the privatization that the Liberals and the Conservatives are in favour of.

I would ask Premier Wynne and her government to take a closer look at the NDP plan. Set aside your political games and do the right thing for the people in Sault Ste. Marie and the entire province.

In conclusion, I don't support Kathleen Wynne's fair hydro plan because it's going to cause all of our hydro bills to soar. I strongly urge that you reconsider borrowing billions of dollars and forcing the people of Ontario to pay it back with interest.

What I do support is the NDP's achievable plan to get the hydro bills down by about a third and keep them down, while returning Hydro One to public hands.

I just want to thank everybody for their time.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Krmptich, first of all, for your deputation via teleconference and also for your expertly timed remarks.

To the government side: Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Mr. Krmptich, for your comments.

Are you campaigning to say that the NDP would repeal the fair hydro plan? Yes or no?

Mr. Joe Krmptich: What I'm saying to you is that the Liberal government just isn't getting it—

Mr. Bob Delaney: No, I'm asking, are you campaigning to repeal the fair hydro plan, should it be enacted?

Mr. Joe Krmptich: Yes, we are, and—

Mr. Bob Delaney: Thank you.

The legislation expands the Ontario Electricity Support Program, which is a program for low-income households. Do you oppose increasing support for low-income families in Sault Ste. Marie?

Mr. Joe Krmptich: What we are doing is we're going to be voting against that plan—

Mr. Bob Delaney: Thank you very much.

The legislation also eliminates the delivery costs for on-reserve First Nations. Why do you oppose providing unique support to First Nations communities?

Mr. Joe Krmptich: Well, we don't have an MPP. That's our problem.

Mr. Bob Delaney: Thank you very much, Chair. Those are our questions.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Delaney.

To the PC side: Mr. Smith.

Mr. Todd Smith: Mr. Krmptich, given that it cost over \$9 billion to buy the offered shares of Hydro One, why do you think it would only cost \$3 billion to \$4 billion to buy it back under the NDP plan?

Mr. Joe Krmptich: Listen, what's happened is that it all started in the 1990s, and the Wynne Liberals continued privatizing. We're going to stop that and put hydro back into the public's hand.

I'm going to tell you something a little bit earlier, back in prior years, with the Abitibi paper mill in Kenora. That mill had about 200 jobs up there. We've been talking about the hydro rates and the increased costs of electrical rates in northern Ontario for a decade now. These costs are impacting on people and they're impacting on the economy and the jobs that go with it to help build a better economy.

Mr. Todd Smith: Mr. Krmptich, I'm asking about the sell-off of the Hydro One shares. Do you think it's realistic that the NDP plan documents that you could buy back the \$9 billion worth of shares that have been sold so far for \$3 billion to \$4 billion?

Mr. Joe Krmptich: My question to you is, would the PCs keep the hydro in private hands? That's what I'm asking you.

Mr. Todd Smith: It's my chance to ask you questions, sir. I want to know how you feel about the fact that your party actually voted with the government to grant many of these massive sole-sourced private power contracts in the Green Energy Act back in 2009. I'm just wondering how you feel about that, now that there are 27,000 generators out there causing this oversupply that has driven up the electricity costs.

Mr. Joe Krmptich: What I want to know about is, where is your plan? Where are you hiding your plan? You started the process with Mike Harris, and then the McGuinty and Wynne Liberals—then you took over and you continued to privatize.

Mr. Todd Smith: Mr. Krmptich—

Mr. Joe Krmpotich: People have no idea where Mr. Brown stands on what he's proposing to do. This is what the people in Sault Ste. Marie worry about. Private contracts with green energy are the issue.

Mr. Todd Smith: And the NDP have committed to continuing to build sole-sourced renewable energy contracts?

Mr. Joe Krmpotich: No, we haven't.

Mr. Todd Smith: Do you believe that the Pickering nuclear station should be closed earlier than 2022?

Mr. Joe Krmpotich: That's a good question, and I'm not exactly sure on that answer.

Mr. Todd Smith: But you believe, though, that you could purchase \$9 billion worth of Hydro One shares back for \$3 billion to \$4 billion?

Mr. Joe Krmpotich: Yes. And we need to put it back in public hands.

Mr. Todd Smith: I'm just curious as to how your math works on that. When it has cost investors \$9 billion, you think you could get it back for \$3 billion to \$4 billion, if there was an NDP government?

Mr. Joe Krmpotich: Hydro should be public.

And I still want to know what the PCs are going to do.

The Chair (Mr. Shafiq Qadri): To the NDP side: Mr. Tabuns.

Mr. Peter Tabuns: Good morning, Joe. It's good to have you on the line.

Mr. Joe Krmpotich: Good morning.

Mr. Peter Tabuns: I'll start with a few things. First of all, I assume that you oppose borrowing \$40 billion to make hydro bills look good for a few years and then have people stuck with soaring rates in the years thereafter.

Mr. Joe Krmpotich: Absolutely, Mr. Tabuns.

Mr. Peter Tabuns: Can you tell me what the impact would be in Sault Ste. Marie of having a brief break and then rates higher than they've ever been before because people are having to pay back a debt to make this government look good before an election?

Mr. Joe Krmpotich: I've spoken to a lot of people on fixed incomes here about getting relief. People in our city, quite frankly, who are living on a fixed income are having a very hard time paying for their electricity bills. I'll tell you, it's case after case—it's door after door—I'm talking to.

What people are doing is, they have lowered the mortgage payments on their homes so they're able to stay there. What's happening now is, their electrical rates are higher than their mortgage—and never mind the other ones who are on fixed incomes, who are on pensions right now. Their electrical rates are impacting on their ability to—what are they going to pay? They're going to pay their electricity bill and then, what? Suffer on groceries? These are the kind of horror stories I'm hearing from families like the Campbells.

The other thing is the increased prices—not only with electricity, but gas and food. Their fixed income is not going up. This is what's hurting families in Sault Ste. Marie.

Mr. Peter Tabuns: Mr. Krmpotich, you're aware as well that the NDP would be reducing rural hydro rates by using funds that are already in the system. I'm assuming that you support the reduction of rural distribution rates through the NDP plan.

Mr. Joe Krmpotich: Absolutely, I support it.

Mr. Peter Tabuns: One of the things the Liberals say constantly is that the sell-off of Hydro One doesn't matter because the Ontario Energy Board will protect customers; they'll be very severe watchdogs making sure prices don't get too high. Do you think they've done a good job for Sault Ste. Marie in the last 10 years?

Mr. Joe Krmpotich: Absolutely not.

Mr. Peter Tabuns: I'm not surprised at all.

It's interesting; there hasn't been representation from the Soo in the time that this bill has come forward. I'm assuming that if there was, the person would be opposing this bill because of its impact on the Soo. Is that fair?

Mr. Joe Krmpotich: Yes, it is.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Shafiq Qadri): Thanks to you, Mr. Krmpotich, for your deputation from Sault Ste. Marie.

ONTARIO ENERGY ASSOCIATION

The Chair (Mr. Shafiq Qadri): Our next presenter, please come forward: Mr. Brescia, president and CEO of the Ontario Energy Association.

Welcome. Please be seated. I know you know the drill here. Please begin. You have five minutes.

Mr. Vince Brescia: Good morning, Chair and members of the Standing Committee on Justice Policy. Thank you for allowing me the opportunity to speak to you today regarding Bill 132, the Ontario Fair Hydro Plan Act, 2017. My name is Vince Brescia. I am here on behalf of the Ontario Energy Association.

The OEA is the credible and trusted voice of the energy sector. We represent Ontario's energy leaders that span the full diversity of the energy industry in Ontario. Our members include electrical and natural gas distributors, transmitters, power producers, energy service providers and the many professionals and service providers in the sector.

Today I'm going to speak about the following four aspects of this new legislation: process, enhancing low-income assistance, funding low-income assistance, and rate relief design.

First, I would like to start by setting the context for this new legislation. For the past 15 years, Ontario's electricity system has undergone a massive transformation. In 2003, Ontario had about 30,000 megawatts of electricity capacity province-wide. Based on data from the Independent Electricity System Operator, between 2003 and 2015, Ontario added over 16,000 megawatts of new capacity, representing a massive investment in new generation.

1040

In 2003, then-Premier Ernie Eves created the Electricity Conservation and Supply Task Force to advise

the government on the growing concern about electricity supply in Ontario. When the task force reported in 2004, they suggested that there was a “looming electricity supply shortfall” and suggested urgent action through long-term contracting with generators to address the deficiency. Electricity demand was increasing and all three major political parties had indicated the province should eliminate its coal generation fleet. The government responded by adding a mix of new nuclear, natural gas, hydro, wind, solar, demand-response and conservation capacity—the roughly 16,000 megawatts of new capacity mentioned earlier. Historically speaking, this probably represents the largest addition of new capacity the province has ever seen in such a short period.

Making these investments has delivered significant benefits to Ontario. Firstly, our electricity system is now one of the greenest in the world today, having undergone a massive reduction in emissions, including GHGs. For anyone who believes that climate change is a serious issue that demands action, this has been a welcome transformation. In addition to GHG reductions, the air in Ontario is now cleaner, and we have an impressive and diverse range of electricity generation assets which will benefit Ontarians for decades to come.

However, as we all know, making such a large set of investments in such a short period has come at a cost. Given the scale of the investments, electricity rates have had to rise significantly in a short period to help pay for the investments. As we have seen, some Ontarians have faced challenges in managing the pace of this change, so we’ve found ourselves in a situation in Ontario where average Ontarians, opposition parties and the media were all demanding action to address the pace of change of electricity bills.

The fair hydro plan represents the government’s response to this situation, and I am here today to give the OEA’s feedback on that response.

The first thing I want to do today is to commend the government on the process undertaken in developing its response. The OEA was engaged by government officials in meaningful dialogue on options to address the situation Ontario was facing. This included engagement and dialogue from ministry staff, the minister, the minister’s office staff, the Premier’s staff and the Premier herself. The OEA greatly appreciates being engaged in this fashion. Unfortunately, in my many years of working on public policy issues, all too often consultation in these situations is either non-existent or entirely perfunctory. This process involved iterative consultation, and we are grateful for the opportunity to have been engaged in this fashion. I haven’t been shy about expressing our discontent with the process in past committee situations, by the way.

The fair hydro plan includes an enhancement to the Ontario Electricity Support Program. This is a welcome and positive change. Firstly, the amount of the OESP has been increased by 50%, now providing between \$45 and \$113 monthly to low-income households.

The Chair (Mr. Shafiq Qadri): Thirty seconds.

Mr. Vince Brescia: In addition, the income thresholds have been increased which will make significantly more low-income households eligible for the benefit.

Finally, the legislation appears to be taking action to help increase program take-up by enabling partnership with the Ministry of Community and Social Services, which is a direction we support.

I didn’t realize we were limited to the five minutes, Mr. Chair, so I’m unable to finish the remainder of my remarks, unless you want—

The Chair (Mr. Shafiq Qadri): Well, Mr. Brescia, like the government, the work is never done. Mr. Smith? Please, PC side, go ahead.

Mr. Todd Smith: Thanks, Mr. Brescia. Good to see you.

Given your knowledge of the generation sector, do you believe that there’s an appetite within the government to renegotiate the contracts that have driven up the price of electricity to amongst the highest in North America?

Mr. Vince Brescia: To be honest, I’m not involved in any internal considerations the government has on contract negotiations. I understand, from my discussions with people in the sector, that it has been reviewed in some detail. Options are limited for renegotiating the contracts that are in place now, as far as I know, and that’s a limited knowledge. I don’t have details on all of the contracts.

Mr. Todd Smith: But as far as the consultation process that you say took place with the OEA, was that ever floated as an option by the government? “Hey, why don’t we sit down and renegotiate some of these contracts that have driven up the price to where we’re at?”

Mr. Vince Brescia: We did discuss it a bit. The number of contracts involved and the time frames involved made it a bit of a Herculean task to try to change so many contracts in such a short period. It would not have been able to be done quickly. A process like that could take years. Trying to go through all those contracts takes a lot of time, a lot of lawyers.

Mr. Todd Smith: Well, there are a lot of contracts. I would say it’s probably fair to say that the government needed to come up with a plan quicker that was going to try to take the electricity issue off the table, rather than actually fixing the underlying problem in the system. Is that a fair assessment?

Mr. Vince Brescia: I think it’s fair to say that there was a rather large human cry, I guess, from the general public, including from opposition parties, for quick action on bills. I think anybody who read the papers got that sense from the situation. So, yes, I think quick action was demanded.

Mr. Todd Smith: Were you surprised to see, when the leaked cabinet document came out about the fair hydro plan, that the price was actually going to spike in a couple of years’ time after the next election?

Mr. Vince Brescia: I wasn’t surprised by the overall layout of the plan. I think refinancing was, as described, going to result in higher cost in future years. It was

extending the amortization period on the assets. So our understanding was, yes, it meant future rate recovery.

Mr. Bill Walker: Do you support that all of those options that you talked about in your paper should have had a true cost-benefit analysis before they implemented any of the new energy sources?

Mr. Vince Brescia: Sorry, can you clarify the question? The—

Mr. Bill Walker: You talked about a lot of new generation, 16,000 megawatts. Was there a cost-benefit analysis done for each of those?

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Walker. To the NDP side: Mr. Tabuns.

Mr. Peter Tabuns: Thank you very much, Chair. Mr. Brescia, it's good to see you this morning. Thank you for coming.

Mr. Vince Brescia: Mr. Tabuns, good to see you as well.

Mr. Peter Tabuns: I've been very interested in looking at the plan the government brought forward. If I was to amortize something over an extra decade or so, I wouldn't necessarily see a big drop: I would see a leveling out over time. Did you model a leveling out, as opposed to a big drop, prior to the election, and what the cost would be if it was simply leveled out?

Mr. Vince Brescia: Yes, you could model that. In this case, back to the previous question, the contracts themselves were renegotiated, so you would have to make some assumptions about your ability to recover some savings when contracts come up again. So it requires some assumptions to be made, but you could in fact come up with a model and it showed a smoothing of the rates as the contracts come off.

Mr. Peter Tabuns: And are you concerned that after four years the prices will start going up fairly substantially, notwithstanding any other pressures that exist in the system?

Mr. Vince Brescia: Yes, it's always a concern. The history of the electricity file in Ontario suggests that Ontarians don't react very well to price increases. Hopefully there are opportunities, as contracts come up, for the government to reduce some of the costs that are in the system.

Mr. Peter Tabuns: And it looks like we're probably going to have somewhat lower prices for a decade, and then for 20 years prices will be maybe 10% higher than they would otherwise have been. Doesn't that worry you about the sustainability of the electricity system?

Mr. Vince Brescia: I think it is a concern. We've seen this movie several times in Ontario where we have lowered rates. It happened in 1993 with the NDP, where we froze rates below economic recovery cost and that led to future rate recovery requirements; another price freeze in 2002 of 4.3 cents, where the prices were frozen below economic recovery cost, which led to the need for future—it is a concern. In this case, I'd like to be hopeful that as contracts come off, we can negotiate lower costs so that there may not need to be rate increases, that we

get some benefit out of those assets that are in the system. That's what I would like to hope for the system.

Mr. Peter Tabuns: Do you see opportunities to reduce overcapacity with contracts that are coming up in the next three to four years?

Mr. Vince Brescia: Yes, it's going to happen naturally. In fact, the IESO is forecasting a need for 2,000 megawatts in the mid-2020s. Given the time frame, to develop capacity—it's very difficult to get anything developed in Ontario, and getting harder all of the time. You need at least a six-year lead time. So we do have overcapacity now, but we're going to need that. We might even need some new—

Mr. Peter Tabuns: Oh, so you don't think we can reduce capacity—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Tabuns. To the government side: Mr. Delaney.

1050

Mr. Bob Delaney: Mr. Brescia, would you like to finish your remarks on low-income assistance and rate relief, and finally, talk about what you think are the most important issues faced by independent operators and planners of our electricity system?

Mr. Vince Brescia: Thank you, Mr. Delaney. I'd love to finish my remarks. I'll go as quickly as I can. Thank you for the opportunity.

The fair hydro plan includes an enhancement to the OESP. This is a welcome and positive change. The amount has been increased by 15%, providing between \$45 and \$113 monthly to low-income households. In addition, the income thresholds have been increased, which will make significantly more low-income households eligible for the benefit. Finally, the legislation appears to be taking action to help increase program take up by enabling a partnership with the Ministry of Community and Social Services, which is a direction we support.

Another change we strongly support is the move in the fair hydro plan to fund low-income assistance through provincial revenues rather than ratepayers. There's a very strong public policy case to be made that social programs like the OESP are better funded by taxpayers rather than ratepayers. The tax system has been designed to be progressive and generate revenues based on ability to pay, whereas charges for electricity ratepayers, whether fixed or per kilowatt hour, are not. For this reason, the OEA supports the direction of the fair hydro plan to fund social programs and their associated costs through the tax base.

Finally, we come to the issue of rate relief—the refinancing of the global adjustment. As I outlined earlier, Ontarians have experienced probably the largest investment in new generation capacity ever to take place in a short time frame. These are fixed costs. Most people think electricity costs are variable when actually most of the costs in the system are fixed. Variable costs, like the energy used to produce power, represent a very small portion of costs.

So what do we do when a provincial consensus develops that includes all three major political parties that something should be done to lower bills now because Ontarians are having difficulty with the pace of change? Given fixed costs, your options are limited. There are no magic solutions to lower costs, which sometimes have been trotted out by various proponents while this issue is being publicly debated. The option chosen was to better align the amortization of system costs to the expected life of assets, which is a defensible option.

From the OEA's perspective, we are very pleased that the government was responsive to our feedback and that it implemented rate relief using the particular mechanism chosen. We were very concerned that there might be direct intervention into the global adjustment itself. This would have impacted numerous existing contracts in a negative fashion. Instead, the global adjustment itself will remain unaffected by the plan. So we are supportive of the approach and, again, thank the government for being responsive to our concerns.

Thanks for the chance to get those comments in.

Mr. Bob Delaney: Sir, do you think Ontario's electricity system is cleaner and more reliable now than it was a decade ago?

Mr. Vince Brescia: It definitely is.

Mr. Bob Delaney: Thank you, Chair.

The Chair (Mr. Shafiq Qadri): Thanks to you, Mr. Brescia, for your deputation on behalf of the Ontario Energy Association.

MR. TOM ADAMS

The Chair (Mr. Shafiq Qadri): If the next presenter could please come forward: Mr. Tom Adams. Welcome, Mr. Adams. You've seen the drill. Five minutes' opening address now.

Mr. Tom Adams: Thank you, Mr. Chairman and members of the committee.

Current law, as reflected in section 79.16 of the OEB Act and Ontario regulation 95/05, and as articulated in the OEB's Standard Supply Service Code, the RPP Manual and the Retail Settlement Code, all require the regulated price plan rates to recover full costs as reflected in HOEP and GA.

Despite all of that, the existing RPP rate, effective May 1, recovers less than full cost. The current RPP rate is illegal. Minister Thibeault's reaction? He praises the OEB for breaking the law, implementing an under-recovering RPP rate "in anticipation of our" legislation.

Scofflaw behaviour from the minister is not new. The OEB has operated in violation of key governance requirements of the legislation—either sections 4.2 or 5 or both—since July 2010. All of this law-breaking has been directly supervised by every successive minister, starting with Brad Duguid.

This government repeats its public statements that the Ontario Energy Board is an independent protector of consumers while, behind the scenes, the government destroys the foundation of sound public utility regulation.

Notice that no public ministerial directive to the OEB has been issued on the illegal RPP. What was the secret communication between Minister Thibeault and the OEB that resulted in the current illegal RPP?

After Bill 132 passes, the current RPP will be legal, but the OEB will perform no legitimate function with respect to electricity commodity rates. Rates will be whatever the minister wishes, with the OEB nothing but a cut-out to shield the government from criticism.

Bill 132 is premised on the claim that the global adjustment is being refinanced. This claim is inaccurate and misleading both with respect to its references to GA and the so-called refinancing. The entire rate is being gamed, not just GA, and the nature of that gaming is to use a deferral account, not contract refinancing. The cost-deferral effect of Bill 132 will create a financial snow-pow, pushing today's costs onto future generations.

Once, OPG's purpose was to operate efficiently and the IESO was to act as a market facilitator. These historic purposes were all intended to serve consumers. Under Bill 132, the new prime directive of these two agencies is to facilitate continuity of the ruling party.

Given the government's intention to defer costs, why not use the government's existing electricity bank, the Ontario Electricity Financial Corp.? Why graft a new head onto OPG?

The answer is obvious. This government seeks to muddy the already murky financial waters of Ontario's power situation. Bill 132's improper purpose is to make the insolvency of OEFC less obvious. I plead again, as I have many times in committee, for the Auditor General to pay closer attention to OEFC and its dependence on the credit quality of the fundamentally insolvent OPG.

To the Liberal members of this committee, I urge you to recall the speeches of the former energy minister, Dwight Duncan, from April 2004 when he articulated your policy that consumers must pay the full cost of electricity. I invite you to consider how the word "fair" in the title of Bill 132 will appear from the perspective of ratepayers right after the next election when your financial snowplow ends and rates soar.

The government's claim that this cost-deferral legislation is justified because newly contracted generation will provide consumers with value after the current 20-year contracts expire is not a supportable argument. When their existing FIT contracts expire, the value of most of the new renewable generation facilities, particularly the wind generation, will be as worthless as that wind power is today.

Thank you.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Adams.

To begin with, the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Mr. Adams, it's nice to have you here this morning, as always.

You made comments about the Ontario Energy Board not being an independent regulator. As you're well aware, the Liberals have said time and time again that the sell-off of Hydro One is fine, because we have an

independent regulator who will be there looking out for the customers.

Can you enlarge on why you don't see the OEB as an independent regulator?

Mr. Tom Adams: Starting in July of 2010, the requirement of the energy board legislation, which establishes the management committee for the board, that requires two vice-chairs and a chair to populate that management committee—those requirements were not observed by the government in its appointments process.

Starting from that time forward, the OEB has not functioned in compliance with the legislation. If the energy board was an independent agency to balance the interests of consumers versus producers, as the government repeatedly claims in its public comments, it would be a legally constituted body. It would be complying with the energy board legislation in all its respects.

I am personally familiar with many of the members of the Ontario Energy Board. I have practised with them in submissions at the energy board for two decades, in some cases. These are not people who would support violating their own mandating legislation. They're only doing it because they are pushed.

Mr. Peter Tabuns: Can you speak more about how this "refinancing" is not real in this bill?

1100

Mr. Tom Adams: The use of the term "refinancing" is improper. What's being done is the creation of a deferral account. In jurisdictions that respect proper process with respect to public utility regulation, deferral accounts are recognized to be regulatory band-aids: very limited instruments, suitable only for short-term time-shifting of recovery of cost, in a situation, for example, where you have a capital project that isn't in the rate base—the in-service date has been delayed for some reason—and a deferral account is set aside, in order that those costs can be taken care of at the appropriate time, when better knowledge is in place.

What is done here is the creation of a deferral account for a vast portion of the revenue requirement of the entire power system. That is not a proper purpose; that's not refinancing. That's a deferral account, but an improper purpose.

Mr. Peter Tabuns: I had seen this move of the debt over to Ontario Power Generation as a way of getting the debt off the government's books, as opposed to being with the OEFC—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Tabuns.

To the government side: Mr. Delaney.

Mr. Bob Delaney: Mr. Adams, the fair hydro plan proposes to provide fast and very substantial relief to Ontario's taxpayers. Is this a priority in Ontario?

Mr. Tom Adams: I'm sorry. Perhaps you misstated, but it's not relief for taxpayers, right?

Mr. Bob Delaney: Ratepayers.

Mr. Tom Adams: Ratepayers. It is a proper purpose to provide relief for ratepayers.

Mr. Bob Delaney: Thank you. You repeatedly allege that the province is breaking a law. Which law?

Mr. Tom Adams: The Ontario Energy Board Act and its supporting regulations require that the RPP reflect the combined expected cost of HOEP and GA, and that's not what is in the current RPP.

Mr. Bob Delaney: Thank you, Chair. Those are our questions.

The Chair (Mr. Shafiq Qadri): To the PC side: Mr. Walker.

Mr. Bill Walker: Thank you very much, Mr. Adams. Can you just expand? My colleague from the NDP was talking about the transfer of debt on the OPG books. Can you tell us what you believe that truly is?

Mr. Tom Adams: Yes. When the government was coming up with its plan to defer electricity costs, they had the option of using an existing electricity agency, Ontario Electricity Financial Corp. That corporation is audited by the provincial auditor. I have complained for many years about the audit that has been done, but at least it gets attention directly from the Auditor General.

At some point in the future, the Auditor General will turn their attention to this important subject in a more deliberate way than has been done historically, and I believe that OEFC's financial problems will become much more clear at that time.

Mr. Bill Walker: Can I also just ask this: Is it truly moving it off the government's books and putting it onto the OPG books, so that the government can say they balanced the budget? Was that true, in your belief?

Mr. Tom Adams: They may have had that intention, but if there is a proper audit of OEFC, reflecting the financial dependence of OEFC on Ontario Power Generation, then the fact that OPG has accumulated this new deferral account and this new stranded hydro debt will not shield the government at all from a proper audit and the deficit implications that come with it.

Mr. Bill Walker: Correct. You've used the term "deferral," which I agree with. We're just moving the shells back, but there is going to be real financial impact to generations down the road. Do you believe that there was a better way of dealing with the \$28-billion debt—or \$43 billion, potentially—that they're going to accumulate by moving the yardstick?

Mr. Tom Adams: It's not proper to take a large portion of the deferral account and simply shove it off into a deferral account.

This is not a re-amortization. This is like taking out, every month, a payday loan to cover a portion of your rent. If you refinance your house, you own your house. Ontario consumers do not own the power system; we rent it. If you are taking out a payday loan to cover a chunk of your rent every month, you know you've got a problem.

Mr. Bill Walker: It's not truly giving relief; it's just short-term relief. At the end of the day, again, they increased rates from 200% to 400%, depending on where you live, so 25% isn't going to cut it.

Mr. Tom Adams: Whether it's 25% or 29% or—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Walker, and thanks to you, Mr. Adams, for your deputation.

MR. ALAN WHITELEY

The Chair (Mr. Shafiq Qadri): Would our next presenter, Mr. Alan Whiteley, please come forward. Welcome, Mr. Whiteley. You've seen the drill. You have five minutes for your opening address. Please begin now.

Mr. Alan Whiteley: Residents of Ontario cannot afford electricity at current rates. Some families have to choose between electricity and food. Industries faced with exorbitant charges are relocating to United States jurisdictions that offer lower rates, taking jobs with them. An urgent remedy is required.

Bill 132 is no remedy; it's a Ponzi scheme. Some consumers will have a portion of their electricity rates deferred for a period of time. The deferred rates will be accumulated as an investment asset which will be sold to outside investors, and outside investors will have the right to collect the deferred rates protected for inflation, plus accrued interest, from rates to be charged to future consumers.

Bill 132 does not address the root cause of unaffordable electricity rates. Ontario consumers can afford to pay the spot price for electricity they consume. They can even afford to pay delivery charges, if levied on an equitable basis. What they cannot afford is the global adjustment charge. This is defined as the difference between the price the government has agreed to pay to electricity generating companies and the market price. Simply put, the government buys electricity from suppliers at multiples of the market price and then adds the excess to consumer prices.

The solution to the problem is patently obvious: Buy electricity only at market prices. The grid is awash with electricity at market prices. Every day, hydro generating stations spill water, and nuclear power generating stations steam off heat, because their carbon-free electricity is not required. In addition, Quebec exports huge amounts of power from its northern hydro dams, all at market rates.

But Ontario is contracted to buy high-cost electricity from operators of renewable energy projects authorized under the Green Energy Act. So instead of recognizing that the current crisis in electricity is the direct result of the disastrous Green Energy Act, this government seeks to defer the problem by inflicting it on future generations.

Citizens of Ontario expect better than that. They expect better than such unethical, unfair and underhanded machinations from their Legislature.

Bill 132 is a clear indication that Ontario's electricity supply system is bankrupt. If an individual or a corporation were to pursue such a scheme, it would be an act of insolvency, and the only ethical course of action would be to declare bankruptcy, compromise with creditors and restructure on principles of rectitude and probity.

It's possible for a state to enact legislation cancelling contracts without damages. It would be argued that such a drastic course would damage the reputation, credibility and credit-worthiness of the province, but the Green Energy Act has already done that, and an honest declaration of fault and formulation of a workable remedy might in fact reassure markets.

The only other alternative is to reduce the amount of money payable to the producers of high-cost electricity. This can be done in several ways:

(1) Change the Assessment Act, which allows the assessment of industrial wind turbines to be limited to \$40,000 when in fact they cost over \$2 million. This repeal would immediately transfer money from the pockets of the operators to the host municipalities, who badly need it.

(2) Renewable energy approvals that authorize the operation of IWTs contain noise limits, setback limits, bird kill limits and other operating conditions, the violation of which can lead to shutting down the IWTs. There have been hundreds of complaints registered with the Ministry of the Environment about such infractions, but none has been investigated. Diligence in enforcing REA conditions could reduce supply of high-cost electricity considerably.

(3) In Bonn last week, the United Nations conference issued guidelines for compulsory shutdown of IWTs during bird migration, advocating a system triggered automatically by the birds themselves entering radar range.

Bill 132 states that the "fair allocation amount" is a method of measuring and allocating energy costs and energy benefits among consumers, but it doesn't address the clean energy costs imposed unilaterally and discriminatorily on residents of rural Ontario by the Green Energy Act. Because of setbacks, noise levels and so on, IWTs can only be erected in rural Ontario. They're erected in contravention of municipal by-laws, official plans and assessment rights against local objections and are damaging communities, economies, human health, land values and environments across rural Ontario.

1110

On behalf of the County Coalition for Safe and Appropriate Green Energy, I am prosecuting a proceeding in the Superior Court in Ottawa seeking judicial review of the Green Energy Act—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Whiteley. To the government side: Mr. Delaney.

Mr. Bob Delaney: Thank you very much, Mr. Whitely. Do you feel that reducing residential and small business electricity prices immediately is a priority in Ontario?

Mr. Alan Whiteley: I feel that fixing the electricity system is a priority in Ontario.

Mr. Bob Delaney: Do you feel that reducing residential and small business electricity bills immediately is a priority in the province of Ontario?

Mr. Alan Whiteley: You are not reducing; you're deferring—

Mr. Bob Delaney: Please answer the question as asked. Please answer the question, sir.

Mr. Alan Whiteley: No.

Mr. Bob Delaney: Are you recommending reneging on electricity contracts for the supply of electricity?

Mr. Alan Whiteley: Yes, I am. I'm recommending—

Mr. Bob Delaney: Thank you very much, Chair. Those are our questions.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Delaney. To the PC side: Mr. Smith.

Mr. Todd Smith: Mr. Whiteley, good to see you today.

Mr. Alan Whiteley: Thank you.

Mr. Todd Smith: Can you elaborate to the committee on your experience in contract law?

Mr. Alan Whiteley: Yes. I've negotiated throughout my life with the federal government on behalf of manufacturers of armaments. I was the person who successfully secured \$750 million of damages from the federal government when they cancelled the helicopter contract. And I'm the lawyer who successfully fought the Irving shipyards in order to retain a contract for the repair of Canada's submarines.

Mr. Todd Smith: Given your experience, could you think of a better way for the government to handle these contracts than issuing a \$28-billion debt bond issue?

Mr. Alan Whiteley: I can think of it several different ways; some of them I tried to outline already, and I was prevented from finishing.

Mr. Todd Smith: Please continue.

Mr. Alan Whiteley: The first thing to do, I think, in a case of a bankruptcy is always to talk to your creditors, namely the people that you've signed these contracts with, and negotiate.

If you can't negotiate, a sovereign state has the right to enact legislation to get rid of the problem. That is a very drastic step for any Legislature to take. The threat of that, however, might well induce the other side to be considerate. Having that in your quiver, you should be able to negotiate these things.

The second thing is that if you were to manage those contracts properly, there are all kinds of remedies in there to slow down the delivery of electricity from high-price sources, but they're not being enforced.

The ministry does not regulate the performance of these people. Once the towers have been built, they don't check the number of birds killed. They don't check the number of people who have to sell their homes because of hearing problems. They don't check on performance. There are even cases where these towers were actually built within the 550-metre minimum setback.

There are all kinds of examples where this government could easily reduce the flow of high-priced electricity and buy on the market.

Mr. Todd Smith: I would argue that there are studies that have been done by the ministry's own experts, but the government has ignored those reports when they have come back to the ministry.

In the short time you have left, tell us about the project you've been working against in Prince Edward county.

Mr. Alan Whiteley: Thank you.

Mr. Todd Smith: Really quickly.

Mr. Alan Whiteley: On behalf of that group, I am prosecuting a proceeding in the Superior Court in Ottawa. I am basically asking for a judicial review of the Green Energy Act and a declaration that by imposing all of the non-monetary costs of IWTs on rural Ontario, the act violates section 15 of the Charter of Rights and Freedoms in that it—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Smith. To the NDP side: Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Chair. Mr. Whiteley, you referred to the government's plan as a Ponzi scheme.

Mr. Alan Whiteley: Yes.

Mr. Peter Tabuns: Do you want to enlarge on that?

Mr. Alan Whiteley: Yes. Ponzi is the name of a fraud who perpetrated a terrible financial loss on many people by purporting to invest their money for them, but taking it and then paying interest out of the funds, stealing the whole thing, passing all of the investments onto future investors so that as people bought into the scheme, they were actually financing the amounts that were being paid out. Mr. Ponzi went to jail, and a number of other people who've perpetrated this kind of thing have done so.

This is a Ponzi scheme because what it does is to defer charges that are legitimately levelled now, for political advantage. It passes them on to investors. Investors then add to the debt by their interest and by the cost-of-living allowance and, consequently, we end up paying more money in the future. It may even be different people who pay that, because the relief is for current consumers, but the payment will be for future consumers, so we're Ponzi-ing them.

The Chair (Mr. Shafiq Qaadri): Colleagues, I just invite you to elevate the language a little bit.

Mr. Alan Whiteley: The word "Ponzi" is a personal name.

The Chair (Mr. Shafiq Qaadri): I'm aware of that. Thank you, Mr. Whiteley.

Mr. Peter Tabuns: It's an entirely legitimate term. It's used legally all the time.

You mentioned that you were successful in going after the federal government on the cancellation of a helicopter contract and that you were able to recover \$750 million. How is it that you were able to recover that against the government in a situation where contracts had been signed already?

Mr. Alan Whiteley: Because I negotiated the contract.

Mr. Peter Tabuns: So you negotiated it in the first place.

Mr. Alan Whiteley: There were clauses in the contract that the government didn't realize would take effect.

Mr. Peter Tabuns: I see. So if clauses similar to what you're concerned about existed in any energy contract, say with the new gas plant in Napanee or the one in

Sarnia, it would be very expensive to cancel those contracts.

Mr. Alan Whiteley: It will be expensive, and it will be expensive when I win my suit in Ottawa, because that will make all the IWTs illegal. They'll all have to come down, and somebody is going to have to pay the bill.

Mr. Peter Tabuns: Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns. Thanks to you, Mr. Whiteley.

CUPE ONTARIO

The Chair (Mr. Shafiq Qaadri): I would now invite our next presenter to please come forward: Mr. Fred Hahn of CUPE Ontario. Welcome, Mr. Hahn. Please begin.

Mr. Fred Hahn: Thanks. My name is Fred Hahn. I'm from the Canadian Union of Public Employees. I'm not a stranger to this process. Many of you will recognize me. I come before various committees on legislation when it impacts working people, our members or marginalized folks.

We usually bring a brief and a good deal of research and spend a great deal of time and energy in preparation, but I have to confess that today I just thought, "What's the use?" The piece of legislation that we're considering today, the Fair Hydro Act—George Orwell would be proud.

Let's just talk about what the act is. I was just listening to previous presenters. They called it a Ponzi scheme—moving things down the road. It doesn't do anything to actually help the people of Ontario. Oh, it may reduce energy rates in the short term for a piece, maybe to get us through an election—which is quite transparent and obvious. If you think the people of Ontario don't see that and don't understand what you're trying to do here, you're wrong. I actually think the people of Ontario are quite smart. They understand absolutely what the problem here is. The problem is the introduction of profit into our hydro system. The problem is that you've sold Hydro One and that you continue to drive up the cost of hydro because of all of the different ways in which you've introduced the market.

I have to say to the Conservative members of the committee that your newfound religion against privatization is quite refreshing, but this was your idea, right? You guys came up with the idea of selling our hydro system. You broke apart Ontario Hydro, which was created to make sure that our electricity system was actually owned by the people. You introduced a hydro market constructed by the guys at Enron, who are responsible for many financial problems. So what the Liberals are doing is really just building on the foundation that you started.

I want to show you this rate chart. This is a bit of history, but it's quite important history, because there was a time when our hydro system was fully private. It was owned by corporations. In the 1900s, the government of Ontario understood that we needed to change that. We needed to create a fully public system. We needed to have hydro at cost for the good of the people of

Ontario. So when they did that—even in 1900, at 10 cents a kilowatt hour, that was a huge cost—it went down to four cents. We lived at four cents through the First World War, through the Great Depression, through the Second World War, through the expansion of our community's infrastructure, schools, roads, bridges—the likes of which we won't ever see again in our province's history. We did just fine with power at cost.

Then, in the 1990s, the Conservatives tried to sell our hydro system. They weren't successful, but they did break it up, and they did introduce an energy market. We said, at the time, "Energy costs could go up by 100% or 200%," and people said, "Oh, that's just crazy." Well, we were right. In fact, what the Liberals have done in the last 15 years is ensure that the prices continue to go up. We just heard about the Green Energy Act. You've made the people of rural Ontario hate green energy—which is our future. It shouldn't be something that people hate; it should be something that people embrace.

1120

When we made this chart, we never imagined rates would go up above 20 cents a kilowatt hour. Today, when you work in the global adjustment and all of the distribution charges and everything else, we're at almost 28 cents. It is unsustainable.

So if you want to know what a real Fair Hydro Act would look like, it would rip up the current legislation. It would go back into the Legislature and buy back every share of Hydro One. It would end the energy market today. It would stop the disastrous contracts that we have with sole-source multinational corporations, where we're paying people huge rates for green energy when we should be embracing it as part of our public future—for the future of our province and our children. That's what a fair energy act would really be about. That's not what we're here debating today.

I have no illusions that in a majority, you're going to ram this thing through. But I want you to know the people of Ontario will not be fooled. They might be happy that their rates come down in the short term, but they will remember in the long term what you have done, and what others have done, to mess up our electricity future in the province of Ontario.

Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Hahn. To the PC side: Mr. Smith.

Mr. Todd Smith: Thank you, Mr. Hahn, and good to see you here this morning.

I think you're right. The people of Ontario won't be fooled by this proposal that's been brought forward. And you are also right; it's very unfortunate that one of the unintended consequences, I think, of the Green Energy Act was people in rural Ontario now hate the technology. It's not the technology's fault. It's not the wind turbine's fault. It's certainly not the solar panel's fault. It's the government's fault. So I agree with you on those two things.

On the issue of public power, am I correct in assuming that you always believe public power is preferable to any private interest?

Mr. Fred Hahn: It's absolutely preferable. It's how we built the province of Ontario. We saw electricity and understood its importance, not just at home, but for the workplace, for corporations, for small businesses. Look, I'm sure you've heard and you will hear from people today that it's not just average ratepayers at home who are worried about their hydro bills. Small businesses can't afford to pay more in hydro, large businesses can't afford to pay more in hydro, never mind our schools, our hospitals, our transit systems, our towns and cities as hydro bills go up.

There is one core problem that I have yet to hear anyone in your party actually address, which is the introduction of profit. As soon as you need to make profit in electricity, as soon as we introduced a market for the cost, that was when rates started to go up. What we really need is a public system in the interests of the people of Ontario that will allow us to actually get back to what we were doing: having businesses be able to afford to operate here, having people be able to afford to pay their hydro bills and getting real value for something that we own in common.

Mr. Todd Smith: It's great to have you here today, but I'm just curious: Given what we've heard today about the Green Energy Act and how it's driven up costs—keep in mind that the PCs did a study prior to the Green Energy Act showing that we would end up where we are right now if we went down this road. I'm just wondering why CUPE didn't appear, like you are today, at the hearings on the Green Energy Act in 2009 that's led to this gold rush that's driven the cost of electricity up far more than the 1% a year that George Smitherman and the Liberals said at the time.

Mr. Fred Hahn: Well, I can't speak to that. I'm now the president, and I became the president in 2010, so I can't speak to what we did in 2009, but I can speak to what we've always believed. We've always believed that sustainable green energy makes sense. We've always believed it should happen in the public sphere. We've always believed it should be owned in common by all of us. We've always believed that multinational corporations shouldn't profit on our energy system. We've always believed that the introduction of the market and pricing hydro in the way we're doing is unsustainable for our future.

We've always believed in public power.

Mr. Bill Walker: Mr. Hahn, Bruce Power certainly has unions that buy ownership in Bruce Power. It's providing 30% less rates. Do you support that, or don't you support the current arrangement with Bruce Power?

Mr. Fred Hahn: We don't support it because it ought to be owned by all of us, as it was originally. Look, if we really want to root out the problem in our system, we're going to have to dig deep—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Walker. To the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Fred, thank you for coming this morning.

You've opposed the sell-off of Hydro One because of the impacts it would have on hydro bills for a long time;

you've certainly opposed the privatization of power generation in Ontario. Can you tell us again what the relationship is between privatization and higher rates in this province?

Mr. Fred Hahn: The higher rates are a direct result of the need to make profit in the system. Currently, we've been debating whether or not we ought to sell Hydro One, an agency which is really the towers and the wires that move our power across the province. They already exist. We bought and paid for them—our parents and our grandparents, with their taxes. So the only way you can make money on existing towers and wires is if you charge a fee for the power to travel. That's what people are experiencing when they open their bills and they see delivery charges. And those charges will only go up.

The same thing is true when we talk about green energy and sole-sourced contracts. As a province, we could have built green energy in a way that was welcomed by communities, in a way that was affordable and sustainable. Instead, we're paying corporations an artificial rate because we deferred to them to actually go ahead and build this stuff.

What we're seeing now is a comprehensive way in which a whole bunch of decisions, including energy pricing being on the market—the market isn't going to be interested in you and I; it isn't going to be interested in our collective future. The market is going to be interested in profit. That's okay for some things, but not for things as essential as our electricity system.

The Chair (Mr. Shafiq Qaadri): Mr. Gates.

Mr. Wayne Gates: Mr. Hahn, why did your union, in the middle 1990s and beyond, take the PCs to court when Harris was Premier?

Mr. Fred Hahn: We understood then, as now, that the proposal to sell our hydro system would be disastrous; that it was unfair; that it was not supported by the people of the province of Ontario. We know that 90% of the people of the province are opposed to the sale of Hydro—then, as now. We know that even though the Conservatives, having lost in court in their attempt to sell the hydro system—they changed the law, but they didn't dare proceed with selling because they knew it was so deeply unpopular.

People understand clearly the problem—the connection—that privatizing things upon which we rely so deeply causes for them, not just at home, but in their communities, for their children. It's why we fought the privatization in the 1990s. It's why we're fighting the privatization today. And we're not alone; there are lots of folks. Heck, I was just hearing a few who are opposed to this particular scheme.

Mr. Wayne Gates: Following on from the PCs—you took them to court. Why is your union taking the Liberals to court?

Mr. Fred Hahn: We've been looking for all kinds of ways to make the current government listen to the people of the province of Ontario. They knew from their own polling that it was unpopular. They knew people were opposed. They had good financial advice. The Financial

Accountability Officer of the province of Ontario said it made no financial sense, and yet they proceeded.

We kept looking for every avenue. We've been doing work in communities and mobilizing. But we are now suing the province because we feel as though the way in which they've done this is unfair.

The Chair (Mr. Shafiq Qaadri): To the government side: Mr. Delaney.

Mr. Bob Delaney: Thank you for coming in, Mr. Hahn.

The government has no questions at this time, Chair.

The Chair (Mr. Shafiq Qaadri): Thanks to you, Mr. Hahn, for your deputation on behalf of CUPE.

KEEP HYDRO PUBLIC

The Chair (Mr. Shafiq Qaadri): Our final presenter before we break for lunch is Ms. Doly Begum of Keep Hydro Public.

Please come forward. Welcome. You've seen the drill. You have five minutes for an opening address. Please begin now.

Ms. Doly Begum: Good morning, Mr. Chair and committee members. My name is Doly Begum. Thank you for giving me this opportunity to speak here today. As an immigrant woman who is the breadwinner of her working-class family, I recognize that I am privileged to have this opportunity. There are many Ontarians who do not have the opportunity to attend this hearing.

As the Keep Hydro Public coalition coordinator, I am here for not just my working-class family, but also for those families across the province who will be affected by Bill 132. I represent the views and the interests of tens of thousands of people who have joined our campaign and voiced their concerns.

Keep Hydro Public is supported by community groups, labour organizations, environmental groups, anti-poverty groups and city organizations, amongst others. We're proud to be the voice of thousands of Ontarians who joined the movement to fight against the privatization of Ontario's biggest asset: Hydro One.

Every day, we receive messages from family members across Ontario. Laureen Duclos from Thunder Bay wrote that the 8% rebate introduced was an insult because it gave her about \$6.22 off her hydro bill—and now you want to add 17% to that.

Cindy Smith-Claus from Alexandria wrote about her hydro struggles. As a single-income woman who lives in a farmhouse heated by hydro, her electricity bill is about \$400 per month, which is half of her paycheque, and delivery charges are about \$167. In the cold winter months, her hydro costs were between \$800 and \$900. If Cindy is late paying her bills, she receives notices that her service will be interrupted. Cindy spent her entire winter months worried sick that if she missed a payment her electricity would be cut off. Compared to many other Ontarians, Cindy was actually lucky, because there are residents who did face disconnections, families who had

to go out in the cold winter weather to cook because they had no electricity at home.

1130

Unfortunately, I cannot share the countless stories with you within my five-minute limit, but if you ask Laureen or Cindy or the thousands of families, they will tell you that they are outraged by this proposed hydro plan. These families know that after the next election and after the four years stated in this plan, electricity bills will skyrocket even faster than they have in the last few years. In addition, this plan will force Ontarians to pay hydro bills that will be even higher than they would have been without this borrowing scheme for over the next 20 years.

There is nothing fair about this “fair” hydro plan. Is it fair that now people are paying for the mismanagement of the Liberal government? More importantly, is it fair that the public and the future generation—our children—will be forced to clean up the Liberal government's dirty laundry?

Also, the government's plan will do nothing about the underlying costs of hydro, such as the billions in private profits that have been added to hydro bills during the Liberal government. The Liberal government sold off the last chunk of Hydro One. This means that private investors control a majority of Hydro One. Private investors are interested in private profits, not public needs. Without ownership of Hydro One, there is no public control, there is no accountability and there is no public interest.

I appreciate that the government wants to reduce people's hydro costs. Therefore, let's be honest. Let's honestly assess the numbers together. Let's provide updated figures to the opposition parties and the public. You wouldn't want people to sign up for a payday loan without knowing the A to Z for this loan, so why does the government want ratepayers to sign up for an expensive loan without letting the public look at how much it will cost us in the long run?

This plan is not fair. It does not fix the hydro issues. It is a short-term gain and will cause a lot of long-term problems. We need to bring back public power and make it away from the hands of private investors. Public power that is at cost, like it should have been: That is the real solution to help Ontario families.

On behalf of the Keep Hydro Public coalition, I thank you for your time.

The Chair (Mr. Shafiq Qaadri): Thank you, Ms. Begum. We'll begin with the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Begum. I appreciate the presentation you've made today. Can you tell us if you see any potential for a privatized system to actually provide people with affordable hydro?

Ms. Doly Begum: I don't think so; I don't think so at all. I'm very surprised that after 83% of Ontarians opposed the privatization of hydro, the government went ahead and sold more than 50% of it. That is shameful.

Mr. Peter Tabuns: Are you surprised that this government, instead of actually dealing with the root causes, like privatization, is looking to borrow huge amounts of money to, for a short time, keep rates a bit lower?

Ms. Doly Begum: It's not fair at all. I think the problems were the energy contracts. The problems were the delivery charges. There are so many inherent problems with our system we need to reform, but instead what we're doing is getting a payday loan and extending and deferring and doing all of these things that people don't even understand. We've got people in rural Ontario asking us, "What's going on? After three or four years, what's going to happen? Are my children and my grandchildren going to pay even more?" Which is what is going to happen.

Mr. Peter Tabuns: When you say 83% of the population is opposed to this—and I have a sense from my own riding, going door to door, that there is very strong opposition—what is your evaluation of public sentiment based on? Are you looking at public opinion polling? Are you looking at the reaction people give to your message? Could you expand upon the public sentiment on this?

Ms. Doly Begum: For sure. We have done both. We have had polling done. We had Environics polls done which showed 83% of Ontarians were opposed to the sale of Hydro One. And throughout my campaign, we have gone to Thunder Bay, Sudbury—all of these different areas of the province where people came up to us and said, "No, this is the golden goose. That is the biggest asset we own. We do not want it to be privatized."

Mr. Peter Tabuns: Okay.

Mr. Wayne Gates: Do you think it's fair to put a \$40-billion debt on the backs of our kids and our grandkids?

Ms. Doly Begum: I'm sorry?

Mr. Wayne Gates: Do you think it's fair that this is going to put a \$40-billion debt on the backs of our kids and grandkids?

Ms. Doly Begum: Absolutely not.

Mr. Wayne Gates: This is something that I think probably bothers me more than anything: Do you think that the Liberal government should have gone across the province on Bill 132 to the residents of Ontario and let them have their say by holding town hall meetings and having this discussion? Because I think if anything upsets me about this, it's that Ontarians are not having a chance to discuss this, yet they're going to feel the pain for the next generation.

Ms. Doly Begum: Absolutely they should have. If they're going to call it a "fair" hydro plan, then that would have been a fair thing to do.

Mr. Wayne Gates: Thank you. Appreciate it.

The Chair (Mr. Shafiq Qadri): To the government side. Mr. Delaney.

Mr. Bob Delaney: Although I don't have any questions for this particular deputant, I would like to put on the record the fact that Ontario retains absolute control over Hydro One, whose oversight now moves to the Ontario Securities Commission, where similar scale and scope enterprises are in fact overseen, such as our banking system and our transportation system.

Finally, the bill proposes to reduce electricity rates by an average of 25% for all residential and small-business ratepayers and to manage increases going forward.

The Chair (Mr. Shafiq Qadri): To the PC side: Mr. Walker.

Mr. Bill Walker: Thank you very much, Ms. Begum. I'll just let you first, if you want to, respond to that comment that there's absolute control over Hydro One and our electricity sector.

Ms. Doly Begum: Thank you very much for that. Well, before I forget—I know that, for publicity's sake, it sounds great to say "25%," but I find it really funny how we introduced the 8% HST rebate first and then another 17%, and then, for publicity's sake, we say it's 25% all together. So, that aside—just for the record.

In terms of the OEB, I don't think that over the last decade—more than a decade—we've had anything good happen. Hydro rates went up, skyrocketed, and people have suffered.

What we really needed was hydro reform. Obviously, the government did not have control over it. The government did not do a good job. There was mismanagement, and people are paying for that. What we are doing now with this plan is another mistake, and, in four years or so, in 2021 or 2023, we'll be paying for that.

Mr. Bill Walker: Is it fair, do you think, on rates that went up between 200% and 400%, to give a 25% discount of your own money?

Ms. Doly Begum: It's a little comical. I think it's funny that someone like Cindy pays \$800 for her hydro bill, and she gets a 25% rebate. We are not looking at delivery charges. We're not looking at all the things—and she gets notices saying, "We'll cut off your power."

Mr. Bill Walker: We've received some letters, one from my Chesley Grocery Store, an independent grocer. They were told by the government that small-business-managed grocers do not meet the criteria for small businesses and hence do not qualify, although they were told in debate that they were actually going to be allowed. They all use over 50 kilowatts on the grid. They use that and consume that, yet they're not eligible for the 8% rebate. Do you believe that's fair?

Ms. Doly Begum: Absolutely not. I think that if the government is going to use facile arguments to push their agenda, that's very shameful. People have suffered—especially small businesses have suffered. We receive messages from not just residents but also small businesses that are closing down because of hydro rates.

Mr. Bill Walker: And those grocery stores, absolutely, they have to run the freezers; they can't turn them off overnight. It's a 24/7 job.

I mean, 80% to 85% of Ontarians, and the PCs, agree with you to not sell Hydro One, yet they steamrolled that. We agree that it's not fair. We agree that the mismanagement is actually the challenge and all you're doing is deferring the cost out on to the next generation. We definitely agree that a \$40-billion debt onto our next generation is not fair, that it's short-term electioneering and is not going to be anything in the long term. Yet they are still signing green energy contracts, knowing that we have a surplus of energy. None of this is fair. We certainly support your thought process.

Ms. Doly Begum: The Keep Hydro Public coalition definitely supports green energy. I think it's that the—

Mr. Bill Walker: We do as well, but not in the way they've done it.

Ms. Doly Begum: Definitely not in the way they have done it. I want to congratulate the NDP for making a commitment to buy back Hydro One. I think it should be in public hands, and I hope the PCs will make a similar commitment like this.

Mr. Bill Walker: Another question: Can you share with us how they're going to buy \$9 billion worth of shares for—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Walker, and thank you, Ms. Begum, for your deputation.

The committee is in recess till 1 p.m. in this room.

The committee recessed from 1139 to 1300.

The Chair (Mr. Shafiq Qadri): We reconvene the Standing Committee on Justice Policy concerning Bill 132. We'll move to our next presenters.

Before I do that, I would just like to acknowledge, on behalf of the committee, the presence of the honourable Rosario Marchese, former MPP sitting in the 35th, 36th, 37th, 38th, 39th and 40th Parliaments, from 1990 to 2014.

Welcome, Mr. Marchese.

INDEPENDENT ELECTRICITY SYSTEM OPERATOR

The Chair (Mr. Shafiq Qadri): Our first presenters are Mr. Campbell and Ms. Marshall of the Independent Electricity System Operator. You've seen the drill: five minutes, opening address. Please begin now.

Mr. Bruce Campbell: I'd first like to thank the Chair and the committee for the opportunity to speak to the IESO's role as it relates to the Ontario fair hydro plan. With me is Kimberly Marshall. Kim is chief financial officer and vice-president of corporate services at the IESO.

In my opening remarks, I'm going to begin with a brief outline of the mandate of the IESO, and in particular the role we already play in settling electricity market transactions and in managing the financial variances that invariably arise between forecasts and actual revenues over time. I'll also address the similar role anticipated for the IESO under Bill 132.

The IESO has a broad mandate that includes planning to meet Ontario's electricity needs in the near and long term; reliable operation of the provincial power grid; administering Ontario's wholesale electricity market; fostering a culture of conservation; and in doing all of this, of course, engaging with stakeholders and communities across the province.

Our role in administering the electricity market is particularly relevant to this discussion. This includes our settlement function that involves managing the flow of funds as between market participants, and to fund, for example, the suite of conservation programs delivered by local distribution companies.

On the one hand, we invoice and collect payments for the electricity delivered and consumed through the LDCs and by large consumers. Using those funds, we then pay suppliers, including the generators who provide generating capacity and produce energy, and the transmitters who deliver that energy, and we fund various programs, as I said, including conservation programs.

As a not-for-profit entity, our role is to efficiently manage and facilitate these market transactions. It sounds simple, but to give you an idea of the scope of our settlement processes, in 2016 we settled about \$17 billion worth of financial transactions.

Some of the costs of our electricity system are collected through a mechanism known as the global adjustment. The global adjustment covers some of the costs of electricity infrastructure as well as delivering conservation programs. These fixed costs are recovered from all electricity consumers.

As you will know, the government's Ontario fair hydro plan is proposing to spread a portion of these costs over a longer time frame. As the provincial organization responsible for settling electricity market transactions, including the recovery of the global adjustment, the IESO has a role to play in implementing that plan. As described in Bill 132, our role would be very similar to our current role. We would continue to collect money from market participants, such as large consumers and local distribution companies, and ensure that other market participants, such as generators, are being paid what they're owed.

However, under the fair hydro plan, local distribution companies will collect less from eligible consumers—I think, overall, it's 25% less—which will reduce the remittances to the IESO. Obviously, this leaves a shortfall for the global adjustment payments: the amounts the IESO has to pay to cover what we owe to the generators and others. This difference will be identified, temporarily held in an IESO variance account, and then purchased by the financing entity to be created by OPG.

Holding variance accounts is not new for us, and it's something we already do. For example, the Ontario Energy Board sets rates based on supply-and-demand projections. The variance between the projections and the amount collected from consumers is held by the IESO. In March 2017, for example, the variance was actually a debt of about \$81 million, while if we look back to May 2015, at that time we had a surplus of almost \$200 million. Those variances are reported to the OEB and taken into account by the OEB when it next establishes consumer rates.

Under Bill 132, the purchase of the fair hydro plan variance by the financing entity will enable the IESO to make whole all market participants for the amounts they are owed. I would note that some of the details are still to be defined in the regulations, but this is the process that's being proposed under the bill. Assuming Bill 132 is passed, we'll continue to work with the government to further define and clarify our role in the fair hydro plan.

That concludes my remarks. I'm happy to take any questions the committee may have.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Campbell. To the government side: Mr. Delaney.

Mr. Bob Delaney: To Mr. Potts.

The Chair (Mr. Shafiq Qadri): Mr. Potts.

Mr. Arthur Potts: Bruce, delighted. Thank you for being here and giving the perspective from the IESO on how we're doing this. There has been a lot of talk today about how we could go in and renegotiate in the fair hydro plan all the different contracts that are out there. How would the IESO respond to that as a plan in order to bring immediate cost savings to consumers?

Mr. Bruce Campbell: I think that as an approach it's very unlikely to bring immediate cost reductions to consumers. Certainly the immediate part is difficult, because what we have seen in all of our contractual negotiations is that these do not happen overnight. We have a large number of contracts. You would have to run simultaneous discussions with all of those contract holders.

And it isn't just a matter of dealing one-on-one with a party on the other side. All of the significant contracts would have financing arrangements behind them. Clearly the contract holder would want to be sure that their financing is brought into line with any new arrangements. Particularly if you're trying to do a negotiation quickly for, to use your phrase, "immediate relief," you're really putting yourself in a position where your negotiating position starts to deteriorate very quickly. The faster you have to do something, then the more difficult it is to pay attention to all of the necessary details.

If you're looking at extending the contracts, I think you're also, by doing that, giving up some opportunities. We're in a time of tremendous technological change in this sector. We've seen the growth of renewables. We're seeing storage developing. We're seeing micro-grids developing. All of those things hold the promise that as those contracts reach their concluding dates, we can be very much more competitive in how we manage procurements, either through an auction or through competitive processes, so that we can take advantage not simply of the remaining life in the existing assets, but of the new technologies and their reduction in costs.

Altogether, I think our view would be that it's better to let these contracts run. It's unlikely that you're going to have any lever that would make the contract holder give up a lot of their revenue. At the same time, you would be, particularly if you extend the contracts—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Delaney. Mr. Smith.

Mr. Todd Smith: Thank you, Mr. Campbell, for being here. My question is this: Is it fair to say that the government was more interested in getting immediate relief than actually fixing the underlying problems in the system that have driven up the costs like they have?

Mr. Bruce Campbell: In the communities that we talked to, we certainly saw the difficulties that people were having with their electricity costs. I think it's clear that the measures the government is taking will do something about that right away.

If you look at the stream of benefits that come out of the investments that we've made, in addition to the low carbon etc., there are a lot of benefits that stretch out over time. When we look at this, if you accept the premise that I was just speaking to, that renegotiating contracts, there's no magic panacea there—

Mr. Todd Smith: It's going to take time.

Mr. Bruce Campbell: It's going to take time. I think what we are focusing on is putting in place market changes, doing a market renewal program that we've initiated at the IESO, to be sure, as time goes on and opportunities for incremental investments come up, that that happens in a very competitive way; it only happens when it's needed. We think that over the longer term that is clearly the preferable way to put downward pressure on costs.

1310

Mr. Todd Smith: What's the largest per-year dollar amount that the IESO has forecasted for the variance account that's being created as a result of Bill 132? Do you have a number?

Ms. Kimberly Marshall: You know, I don't know. We actually didn't do the forecast. That was done by the government people involved. Off the top of my head, I'm not sure, actually.

Mr. Todd Smith: Is there a ballpark that you could give us? You talked about the ebb and flow of the last two years when it comes to variance accounts, but we could be talking about a substantial amount.

Mr. Bruce Campbell: I think we expected growth to be a substantial amount. I can't give you a number. As I say, we didn't do the modelling of this.

Mr. Todd Smith: Would it be possible for you to provide the committee with a number in the near future when it comes to the—

Mr. Bruce Campbell: I think what we would do is, we would inquire of the ministry. That's about all I can say; I can make inquiries of the ministry.

Mr. Todd Smith: The government hasn't been very transparent when it comes to these things. I mean, we're dealing with leaked confidential cabinet documents as our information for where the government is going with this fair hydro plan.

Mr. Bruce Campbell: Well, I think from our point of view, what we've been concerned about is making sure that all of the authorities and so on are there.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Smith. To the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Mr. Campbell, Ms. Marshall, thank you for being here today. The IESO didn't do the forecast; you didn't do the modelling. Who did?

Mr. Bruce Campbell: The Ministry of Energy, I believe, did the modelling. That's my understanding. Just to be absolutely complete, Mr. Tabuns, we had done some of the underlying basic forecasting in the Ontario Planning Outlook. I believe we updated some of those underlying forecasts of trends, but we didn't then do any of the modelling around the actual plan itself.

Mr. Peter Tabuns: So were you part of drafting this plan?

Mr. Bruce Campbell: Our people have been involved in commenting on what was needed in the legislation, if that's what you're referring to. Certainly, in terms of making sure all of the pieces fit together, yes, we've been involved in that.

Mr. Peter Tabuns: Okay. And can you say particular areas where you were focused?

Ms. Kimberly Marshall: We were focused on the areas in which our responsibilities would be outlined. As Bruce said, in particular around the legislation, I think we focused on do we have authorities that are needed in terms of doing what we need to do as part of it.

Mr. Peter Tabuns: And I noticed the Ontario Electricity Financial Corporation is not actually going to be managing these funds; it's going to be OPG. Do you see any reason why OEFC wouldn't have the ability to manage these funds?

Ms. Kimberly Marshall: I don't know that we could comment on that. I think that's a better question of the OEFC.

Mr. Peter Tabuns: Okay. Have you seen or studied such schemes as have been presented here in other jurisdictions?

Ms. Kimberly Marshall: I would not—sorry. I wouldn't say we've studied—

Mr. Bruce Campbell: I don't know that we've studied them exactly. I know that this kind of transaction has been done in the US. I think it's been a little more frequent there. I'm not familiar with any equivalent transaction locally, but I could be wrong about that.

Mr. Peter Tabuns: And can you say where in the United States such schemes have been employed in the past?

Mr. Bruce Campbell: No, I just know this from conversation. I don't have the specific examples, but I do know that this approach has been taken in other jurisdictions.

Mr. Peter Tabuns: And when the Ministry of Energy, which did all of the modelling and effectively built this system, came to you, did they ask you about any structural things that could be done to reduce the cost of the system, rather than just borrowing money?

Mr. Bruce Campbell: I think we're always getting questions about how we can continue to put downward pressure on costs, so that's a regular topic of conversation. For instance, there's always been the kind of question that has arisen here. "Is there something that can be done under the contracts?" has been a typical example—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Tabuns, and thanks to you, Mr. Campbell and Ms. Marshall, for your deputation on behalf of IESO.

CITIZENS COALITION AGAINST
PRIVATIZATION OF HYDRO ONE

The Chair (Mr. Shafiq Qadri): I would now like to welcome former MPP Rosario Marchese, who comes to

us in his capacity from the Citizens Coalition Against Privatization of Hydro One.

Welcome, Mr. Marchese. Please be seated. Please begin now.

Mr. Rosario Marchese: Thank you, Mr. Chair. I'm going to move quickly through this and avoid the niceties, because five minutes doesn't allow me to do anything.

All I want to say is that the fair hydro plan reminds me of the Tenant Protection Act that the Conservatives brought in in the Mike Harris regime, where they eliminated the rent control that the NDP put in and they brought something in called the Tenant Protection Act. You get what I'm saying, if you make the link between what I'm saying about that and what you're doing with this.

The problem is that this fair hydro plan is going to kill us. It's going to kill everybody. It's going to burden seniors with an incredible bill in the future. It's going to burden every one of us with the billions of dollars that we're all going to have to pay. This is why I brought this—by the way, I'm envious because Fred Hahn brought the updated version, which flips up, that shows the rates have gone beyond what you see here. I've got to get it, because I need to show it when I make a presentation to the public.

What you see here is Premier Ross, prior to 1904. Premier Ross was a Liberal guy, and he opposed public power. You had the Conservative Party, Whitney with Adam Beck, supporting public power. God bless. It's amazing how you see a reversal of roles. But Premier Whitney and Adam Beck understood—Adam Beck was a small business man—that if you have affordable hydro at cost, then business thrives. You can see from 1905 to 1999 we were doing rather well. People were rather happy. Rates were low. They were low because they were regulated by government.

What did Mike Harris do in 1999? He broke up the system. He said Ontario Hydro was broken, and he broke it up into five different bureaucracies. He said to them, "You go and operate as if you were in the private sector." God knows, they did, and they did it with zeal. So you've got the highly paid professionals in management earning incredible amounts of money. Mike Harris said, "We're going to create efficiencies and lower rates." None of that ever happened. But you could see as a result of ending regulation by deregulation and creating the market, this is where the problem started.

In 2002, when the market started kicking in, Ernie Eves said, "Holy, holy. Rates are going through the roof. What do we do?" What did he do? He announced a rate freeze because he knew he was heading into an election in 2003. Without that rate freeze, he was going to get cooked politically. He said, "This rate freeze is going to be there for five years." You could see the beginning of the problem, see how the markets affect the rates. Ernie Eves began to see it and said, "We need to freeze them."

Enter Dalton McGuinty, who said, "Private markets are dead." You remember that, some of you?

Mr. Peter Tabuns: I remember it well.

Mr. Rosario Marchese: He said private markets are dead. They're not quite dead under the Liberal government.

I'll have to skip over some of the other stuff, because I don't have time, but he introduced the green act, which I support, by the way. What I don't support in the green act is the fact that all of the green projects were private and the exorbitant, usurious rates that we pay that we didn't have to pay are extraordinary—billions of dollars that were given to the private sector. Ontario Power Generation could have done that. Minister of Energy Dwight Duncan said, "No, only the private sector can do this." McGuinty said only the private sector can do this. Rates went through the roof. We're paying billions for that, from when you guys started to when those contracts end. It's insanity.

In 2011, McGuinty realized he had a problem, so what did he introduce? He introduced what's called—oh my goodness, it's not here. He introduced a benefit plan that he called the Ontario Clean Energy Benefit, which added \$5 billion to the debt. The benefit was a 10% rebate on electricity bills. Why did he do that prior to the 2011 election? He was in trouble politically. Rates were going through the roof. He had to do something. He introduced a 10% rebate. You follow the pattern?

Privatization is killing us. Unless we get back to a public system, we are never, ever going to find a way to solve this. This fair hydro plan does not do it. Nothing does it. Thank you, Mr. Chair.

1320

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Marchese. You are, of course, welcome to be seated, although I know you're in the habit of speaking—

Mr. Rosario Marchese: But I had to do the presentation—

The Chair (Mr. Shafiq Qadri): Yes, understood. Mr. Smith or Mr. Walker. Mr. Walker.

Mr. Bill Walker: God bless, Rosario. It's good to have you back in Queen's Park.

Mr. Rosario Marchese: Good to be here.

Mr. Bill Walker: Rosario, you and your NDP colleagues, many of whom still sit in the Legislature today, supported the Liberals, both the Green Energy Act and their budgets, which enabled the Liberals to actually carry out many of the disastrous plans we're encountering today. You just said you support the Green Energy Act, but not certain pieces. As you know, when you're an elected official, you either say yes to it, and you know what's going to happen, or you say no to it. You said yes to it.

You said that the Green Energy Act is costing billions—it's going to be at least \$133 billion to the taxpayers without this most recent fair energy—and you called it insanity. Are you suggesting that your vote supported that insanity?

Mr. Rosario Marchese: No. We actually spoke against that bill in the end. We supported it, but we opposed much of what they were doing—

Mr. Bill Walker: How did you vote?

Mr. Rosario Marchese: What we opposed was the privatization of those plans.

Mr. Bill Walker: But did you vote in favour of the budget and the actual Green Energy Act?

Mr. Rosario Marchese: That is not a fair way to look at this.

Mr. Bill Walker: It is.

Mr. Rosario Marchese: You're saying it doesn't matter that it was privatized. To you it's irrelevant. Although to Conservatives, privatization is generally a good thing. You don't speak to that. You only speak to the fact that these privatized deals lead to incredibly stupid kinds of contracts that lead to the rates that we're now paying. If they were done by Ontario Power Generation, we would have been able to control them, decide how much energy we needed, and avoid the surplus power that we're facing today where we're spending \$3 billion in surplus power each and every year.

Mr. Bill Walker: Would you suggest all of the jobs that Bruce Power as an entity provides and all the community goodness that they provide through their funding is a bad thing for Ontario?

Mr. Rosario Marchese: Bruce Power was privatized by your government. You weren't there and I don't blame you, but Mike Harris privatized it. He said to the Bruce corporation, the British firm, "Here it is. We built it. We paid for it. Now you manage it." And you know what happened with that? They made \$165 million in profits in the first year—

Mr. Bill Walker: And how much did they support the economy?

Mr. Rosario Marchese: —and now they're making about \$650 million a year in profits. If we don't eliminate the profiteers out of this system, we are going to get killed.

Mr. Bill Walker: They also rebuilt an industry that you probably, as a government, would have closed down—huge benefit to the economy, huge benefit to the community.

Mr. Rosario Marchese: We build them, and then we give it away to them, and they make profits and we pay.

Mr. Bill Walker: You would not have refurbished Bruce Power. That's—

Mr. Rosario Marchese: This government has been refurbishing to the cost of billions of dollars, and they would have done it to the cost of billions of dollars. The question is, what is it that we want? I want green energy, but it should be controlled by the Ontario Power Generation, by the government, not by the private sector.

Mr. Bill Walker: We should balance the budget, but the government is not going to do that either.

Mr. Bob Delaney: We have.

Mr. Bill Walker: No, you have not.

Ms. Daiene Vernile: It's already done.

Mr. Bill Walker: No.

Interjection.

Mr. Bill Walker: We'll talk to the AG about that.

Mr. Rosario Marchese: Sorry, Mr. Chair. I think you said a few seconds. How much—

The Chair (Mr. Shafiq Qadri): Fifteen seconds.

Mr. Rosario Marchese: You guys are on the wrong track, I have to say. Unless we deal with the problem of the profiteers and the market that was created by your government—not by you, you weren't there; by your government. Unless we kill that and get back to a regulated system—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Walker. Mr. Tabuns.

Mr. Rosario Marchese: See, he kills my—

Mr. Peter Tabuns: Yes, I know. What a Chair, eh?

Mr. Rosario Marchese: First he says, “You’ve got 15 seconds,” and then he kills it.

Mr. Peter Tabuns: Rosario, welcome back. It’s good to have the presentation. Can you see any situation where privatization of the system or maintenance of privatization is going to allow us to bring hydro costs under control?

Mr. Rosario Marchese: I just don’t see that. This is something that we did for 94 years. Remember, we built hydroelectric plants. We built nuclear with our expertise. We did tremendous stuff building hydro plants in the north with the technology that we had within the civil service. We believe that we can do much of what we did for 100 years and do it efficiently.

To allow the profiteers to get into this game only means that the government—this or another government—is going to continue to find plans like the Ontario energy credit, Ontario Energy and Property Tax Credit and Rural and Remote Rate Protection Program. You’re going to have to continue to come up with these things because you’re never going to be able to manage the problem of the incredible high rates we’re paying.

Mr. Peter Tabuns: And with the need to provide profit to their owners, is there any way you can see these private companies in any way helping control hydro costs?

Mr. Rosario Marchese: Absolutely not, which is why I oppose the sale of Hydro One with tremendous energy. I would have done it for free, actually, if I had a pension.

Interjection.

Mr. Rosario Marchese: No, no. They took it away.

Interjection.

Mr. Rosario Marchese: No, I’m with you on that. They are, too, by the way.

The sale of Hydro One means that they will be controlling it. They will have 51%—not the 60% that they originally thought. But with that control, it means they can do what they want. Forget about conservation, because these people are all about selling energy, not conserving energy. The private sector is there to make a profit, not to protect the interests of citizens or ratepayers or taxpayers.

Mr. Peter Tabuns: What do you think the impact is going to be on Ontario’s economy when the four years of lower prices lifts and they start skyrocketing back up?

Mr. Rosario Marchese: When people don’t have enough money to be able to buy things, economies collapse, which is why precarious employment is so bad. If people don’t have money to spend, economies just

crawl. They crumble and they disappear. The more money people have to pay for hydro bills, the less they spend in areas of the economy that allow private sector economies to survive.

I think it’s a serious problem that governments need to worry about.

Mr. Peter Tabuns: Okay. Thank you.

The Chair (Mr. Shafiq Qaadri): To the government side: Mr. Delaney.

Mr. Bob Delaney: Well, Rosie, we’ve missed you. It’s nice to have you back.

I took a few notes as you were speaking to us. You talked about the Tenant Protection Act of the 1990s. You gave us a little post-Victorian-era synopsis of some pseudo-history using your graph that doesn’t include an adjustment for inflation. You talked about Ernie Eves with his rate freeze—and I’ll remind you that the NDP opposed putting on the rate freeze and then opposed taking it off. You talked about your support for the Green Energy Act.

Rosie, I’m looking at the bill. There are some nearly 50 pages of the bill. Where in this bill does any of that apply?

Mr. Rosario Marchese: You had Tom Adams speak to that this morning. He was brilliant, I thought—

Mr. Bob Delaney: He didn’t speak to the bill at all. He spoke to something completely different.

Mr. Rosario Marchese: It was all about the bill. It was all about the bill, and he whacked you guys good, I have to say.

I heard Alan Whiteley. I thought he was brilliant too.

You don’t have to get into the details; other people have. The problem with this is that you are simply shifting the problem, transferring the problem, downloading the problem to future citizens who are going to have to pay for this idea that, in my view, is only political, and—

Mr. Bob Delaney: So who is going to carry the gigantic losses that you’re advocating here? Why do you oppose the idea of there being any form of economic sense in the electricity system?

Mr. Rosario Marchese: Why do I what again?

Mr. Bob Delaney: Oppose the idea of there being any form of any economic common sense in the electricity system.

Mr. Rosario Marchese: I’m not sure there was a question that seemed reasonable or intelligent, but the economic sense of having a regulated plan was that—

Mr. Bob Delaney: But, Rosie, that’s not even adjusted for inflation.

Mr. Rosario Marchese: —that manufacturing thrived.

By the way, have you ever heard any one of your constituents—I forget when you came. But prior to 1999, nobody ever complained about the hydro rates—no one—not in this Legislature, not outside this Legislature and not in any of your constituencies. No one ever complained, because rates were at cost. They were controlled. They were controlled, and the economy thrived

because of it. In fact, industry thrived for 94 years because of it.

Once this happened, people in the north and companies in the north were leaving to Quebec and Manitoba to find cheap hydro. They abandoned northern Ontario because of cheap public hydro that they found in Quebec and Manitoba.

Mr. Bob Delaney: Just before we conclude, Chair, I would note in the 905 belt, particularly in my hometown of Mississauga, the best-performing industries, the ones with the fastest growth and the greatest increases in employment, have been the manufacturing industries. They note that our costs give us an advantage over the United States.

Mr. Rosario Marchese: He's running the clock, but I can tell you, Mr. Chair, if we don't get back to a public system, we are ruined.

Mr. Bob Delaney: Thank you, Chair. We're done.

Le Président (M. Shafiq Qaadri): J'aimerais vous remercier, monsieur Marchese, pour votre présence et votre présentation. À la prochaine fois.

M. Rosario Marchese: À la prochaine.

MS. TINA FAIBISH

The Chair (Mr. Shafiq Qaadri): Our next presenter is Tina Faibish. Please come forward, Ms. Faibish.

Mr. Arthur Potts: Rosie was funny.

The Chair (Mr. Shafiq Qaadri): I believe the word was "thespian," as we recall.

Welcome. You have five minutes to make your opening address. Please begin now.

Ms. Tina Faibish: Thanks. That was a hard act to beat, and I hope you'll be a little more gentle on me.

First of all, I'd like to thank you for allowing me this opportunity to speak in response to Bill 132. I'm here as a citizen of Ontario, as a parent and as a grandparent. I became passionate about the subject matter after the election in 2014, when I started learning about the Liberals' absurd decision to privatize Ontario Hydro.

1330

What really puzzled me was how the Liberal government could get away with this when, as far as I recalled, they didn't include the sell-off of Hydro One in their platform, and I didn't hear about it at all during their election campaign. I didn't hear it in the media; I didn't hear it when people were campaigning and knocking on my door. There was no discussion about it whatsoever.

Then I started noticing my hydro bill. I pay hydro over and above the rent where I live. I was hearing the same common theme from members of my family and friends and colleagues at work. Not only was I feeling the increase in my hydro bill, but I started feeling the hike in hydro when I'm shopping for groceries and for everyday necessities, when I'm out in the community making purchases. There was an impact on local small businesses in my community.

Because I'm paying so much in hydro now, we can't afford to eat out as often in the community at local

restaurants and support our community's small business owners. When I talk to small business owners, they have told me repeatedly that they can barely afford the rent along with their huge hydro rates.

Also, when I'm talking to people in the community and my friends and family—because people are struggling to make ends meet, they too are having a hard time paying the hydro bill, and then they can barely afford to go out and enjoy themselves.

Both myself and my daughter are extremely concerned as well that this permanent loss of revenue to the province will not only have a negative effect on my grandchildren's school, but as a result, will have a negative impact on their education, because the loss of revenue impacts public education.

Like many young people, my daughter is a precarious worker, with no employer-insured medical benefits. She is a struggling single mom. She can't afford to get sick because (1) when she does get sick, she doesn't get paid, because she doesn't get paid for sick days, and (2) if she does get sick and doesn't get paid, then she can't afford to pay for whatever medication she would need—because there are no employer medical benefits—or pay her rent, as a result of the hike in hydro rates.

She's also worried about how this will impact her kids if they need medical attention, and the loss of revenue impacts public health care as well.

I've been out in the community. I've met Mr. Potts on a number of occasions, and we've had discussions about the privatization of hydro on numerous occasions. I've said it then and I'll say it again: You just don't have the capacity to control Ontario Hydro, because you don't own it. At one time, you were saying, "No, we still own," but you don't own the majority anymore.

To me, the sell-off of Hydro One felt like a betrayal, and I'm not the only one who is feeling betrayed. I know this after talking to a number of concerned citizens throughout my community for the past couple of years.

Now we're being betrayed again through Bill 132, which is being presented to us as a temporary solution, when it is nothing more than a band-aid solution. It's an act of desperation because there is an election on its way, in 2018.

Offering up an attractive percentage discount without telling us that it's only for four years and then the rates will increase more than they are right now is nothing more than a pre-election insult.

Citizens are tired of the lies. We are demanding a permanent solution. That can only be done through public ownership of Ontario Hydro when we own it.

I'm just asking all of you to please consider keeping our Ontario Hydro public, because Ontario Hydro should not be for sale. We want to keep it public so that the revenue that is generated is not lost and does go back to the province, does go back—

The Chair (Mr. Shafiq Qaadri): Thank you, Ms. Faibish, for your five minutes of introductory remarks. We'll begin now with the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Tina, thank you for being here this afternoon. Were you aware that Hydro One asked for a 20% rate increase recently?

Ms. Tina Faibish: Yes, I read about it in the media. I understand that there has been a leaked document that is alluding to this being a temporary solution that's limited to four years, and then after that it's going to increase. I don't understand what sense that makes.

Mr. Peter Tabuns: Do you think it doesn't make sense to borrow \$40 billion, which we're going to be paying back over 30 years, just so we can have prices reduced in advance of an election?

Ms. Tina Faibish: Exactly. And the interest rates, actually, right now are quite low.

Mr. Peter Tabuns: Right. What we've heard about so far is that the money that's being borrowed will probably be paid back at an interest rate of around 5% when the province can borrow at around 2%, so it seems like someone is going to do very well from interest on this particular debt.

Ms. Tina Faibish: Right. Private interests will be benefiting, but the people of Ontario will not be.

Mr. Peter Tabuns: How do you think people will respond when their bills start soaring a few years after this four-year holiday?

Ms. Tina Faibish: I think that people are already feeling the impact. You see it every day. People are having a hard time making ends meet and there is a public outcry. You can see that right now. Just look at the polls for the Liberals right now. It's hovering around 10%, and I directly relate that to the increase in hydro rates. People cannot afford any more than what they're paying right now.

Mr. Peter Tabuns: Do you think people should have to pay profits to multinational companies as part of their hydro bills?

Ms. Tina Faibish: No, I don't think that they should, at all.

Mr. Peter Tabuns: Do you believe, then, that the revenue from hydro should be kept here in Ontario?

Ms. Tina Faibish: Absolutely. I believe that it should be kept public because that revenue that is generated goes back into the province. When you privatize, that is just going back into the investor's pocket, and as a result, that's costing all of us.

Mr. Peter Tabuns: You may be aware that the Financial Accountability Officer has said that the sale of Hydro One and the loss of revenue from Hydro One will negatively affect Ontario's revenue in the years to come. Are you aware of that?

Ms. Tina Faibish: Yes, I am. And, I mean, that's a bad thing.

Mr. Peter Tabuns: Yes, I would agree with you. I imagine all kinds of people depend on hospitals, schools and roads that are financed by the provincial government for their daily lives, and we'll have less money to do that.

Ms. Tina Faibish: Exactly. The more—

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Tabuns. To the government side. Mr. Delaney.

Mr. Bob Delaney: Thank you, Ms. Faibish, for coming in. Do you live in Toronto, in the city itself?

Ms. Tina Faibish: Yes.

Mr. Bob Delaney: Who sends you your electric bill?

Ms. Tina Faibish: Toronto Hydro.

Mr. Bob Delaney: Who owns Toronto Hydro?

Ms. Tina Faibish: Pardon me?

Mr. Bob Delaney: Who owns Toronto Hydro?

Ms. Tina Faibish: The municipality.

Mr. Bob Delaney: Okay. What's your bill, roughly, per month?

Ms. Tina Faibish: I would say roughly about \$150. I live in an apartment.

Mr. Bob Delaney: Okay. So with the extra \$38 a month in your reduction, give or take a bit, what difference will that make to you in your monthly expenses?

Ms. Tina Faibish: Well, it makes a lot of difference, because if you compare my bill now to what it was a couple of years ago, it has doubled.

Mr. Bob Delaney: Okay.

Ms. Tina Faibish: That's the difference. I have to come up with that much more extra. When you're living paycheque—

Mr. Bob Delaney: So your bill will then be \$38 lower than it has been, should this act before the Legislature pass.

Ms. Tina Faibish: Well, no, my bill has gone up more than \$38.

Mr. Bob Delaney: Okay. Thanks, Chair. That's all for our questions.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Delaney. To the PC side. Mr. Smith.

Mr. Todd Smith: Thank you, Ms. Faibish. I'm fascinated to hear that people in Toronto who are paying \$150 are finding this to be a negative thing, because both my colleague from Owen Sound and I represent rural ridings and I'll tell you, people in our areas would be dancing in the streets with a \$150 bill. However, I understand that when your bill doubles, that does have an impact on your expenses.

Ms. Tina Faibish: It does, because there is a different cost of living in Toronto than there is—like, I'm sure where people live up north, they don't pay \$1500 in rent for an 800-square-foot apartment.

Mr. Todd Smith: I know you were talking about your daughter's education. Did you know that institutions like our schools and our hospitals and other public institutions aren't going to receive the break that the government is touting, this 25% break? Did you realize that?

Ms. Tina Faibish: No, I didn't. I mean, that's even worse news than I had anticipated before coming here.

Mr. Todd Smith: What's happening is it's taking away valuable dollars for health care or for education to keep the lights on.

Ms. Tina Faibish: Exactly. And when there are young people who are working precarious jobs, that in and of itself is a problem. If the money is not coming in, then they have no money to pay for the hydro as well.

1340

Mr. Bill Walker: Ms. Faibish, you mentioned that your bill has doubled, and you used the word “betrayal.” So I want to just ask you very point-blank: Do you believe this is truly relief or an election ploy? And especially, when you think of your daughter—you’re getting \$38 off now. What is it going to be when that debt retirement is four times the charge that it used to be? Do you believe that’s another betrayal?

Ms. Tina Faibish: Absolutely. That’s what led me to be here today. I had been betrayed before, and now we’re being betrayed again. If it wasn’t for that document being leaked, we wouldn’t have even known about it in the first place.

Mr. Bill Walker: You’re welcome. My friend did some good work there.

Are you concerned that there are no solutions in this bill to actually address the continually rising costs of energy? They’re giving you a bit of a hand-back—of your own money, by the way—and it’s going to cost you \$25 billion to \$43 billion to finance that, even at the lowest interest rates. At the end of the day, is that another concern you have and yet another betrayal that you think is—

Ms. Tina Faibish: Absolutely, because they’re masking it. Like I said earlier, it’s a band-aid solution. They’re offering me this little bit of a discount now, but what they aren’t telling the public, what they’re hiding—until now—is that it’s going to increase even more than the discount we got initially. In the long run, it’s going to cost all of us more—all of us, meaning everybody in Ontario.

Mr. Todd Smith: Has your impression of Kathleen Wynne and the Liberals changed over the last three years?

Ms. Tina Faibish: Absolutely—

Mr. Bill Walker: Positive or negative?

Ms. Tina Faibish: —and not for the better; for the worse. I think that they’ve done a terrible job. They’ve betrayed us over and over. And it’s not just on the—

The Chair (Mr. Shafiq Qadri): Thanks to you, Ms. Faibish, for your deputation.

HYDRO ONE NOT FOR SALE

The Chair (Mr. Shafiq Qadri): We now move to our next presenter, Ms. Ange Thompson.

Please come forward. Welcome. Your five-minute opening remarks begin now.

Ms. Ange Thompson: Good afternoon. Thank you for inviting me here today to offer my opinion and recommendations on the fair hydro plan.

My name is Ange Thompson. Today I’m speaking on behalf of Hydro One Not For Sale. We are a group of ordinary people from all walks of life. We’re young. We’re old. We’re rich. We’re poor. Some of us are political, and some of us are not. But the one thing we all have in common, like 83% of Ontarians, is that we want to see Hydro One in public hands. Our group is absolute-

ly appalled that the government would even consider privatizing Hydro One, a cash cow that could have funded public services and infrastructure for generations to come.

Government opposition, individual citizens and campaigns such as Hydro One Not For Sale have put immense pressure on the Liberal government to do the right thing and to reverse their plan to sell off Hydro One. Unfortunately, our pleas fell on deaf ears. Instead of offering the public hydro that we need, the Liberal government is offering inadequate relief plans that we, the citizens, are paying dearly for.

When I look at this fair hydro plan, I see nothing fair at all. I see decades of government mismanagement, always paid for by the public. I see bankers and privateers with dollar signs in their eyes as our government remortgages and extends these private green energy contracts, dumping our problems onto the next generation. This so-called smoothing out of payments saves us pennies today and costs us billions more in the long run.

The fair hydro plan is very misleading. The average person is very excited to save 25%, but what is 25% when rates have increased by 383% since 2004? People who have been drowning in hydro debt will no doubt welcome any relief they can get. But let’s be honest about who’s footing the bill here. The truth is, under the proposed fair hydro plan, we will see temporary relief—and I put emphasis on “temporary”—for only four years, which coincidentally takes us into the next election, immediately followed by dramatic rate hikes. By 2026, rates will be just as high as they would have been without this plan. So, really, who is the fair hydro plan benefiting—the Liberals or the citizens of Ontario?

The fair hydro plan is inadequate in addressing the current energy crisis for one fundamental reason: It doesn’t acknowledge the real problem, which is privatization. I never thought this would happen, but I’m going to quote Dr. Phil. Dr. Phil always says, “You can’t change what you don’t acknowledge.” As long as this government ignores what is so blatantly evident, there will be no fair solution.

I have an analogy for you: If I have the chicken pox, but the doctor treats me for influenza, sure, some of the treatments might offer temporary relief, but at the end of the day I still have untreated chicken pox. The illness will not go away until it’s properly diagnosed and treated.

The fair hydro plan fails to diagnose the real problem. Privatization is the disease and inflated rates are the symptom. If we ever want to enjoy affordable hydro again, the answer is bringing it back into public hands and removing profit from the agenda. The citizens of Ontario want steady, affordable rates they can rely on, not a privatized system where the importance of profit is superior to all else—especially when that profit goes straight to the pockets of wealthy investors.

It’s extremely difficult for people to celebrate \$10 or \$20 savings on their hydro bill, knowing that the CEO makes over \$4 million per year. When we consider disenfranchised people, students, single parents, people with

disabilities, the elderly on fixed incomes, four years of relief followed by even larger rate hikes than we're experiencing right now is not good enough. Let's face it: In this day and age, hydro is a necessity. We need it for basically every aspect of modern living, yet we have tens of thousands of people who can't afford it.

I have a feeling that I won't be the only presenter advocating for public hydro. The citizens of Ontario are connecting the dots and they're understanding that privatization results in higher costs for the consumer. The Premier admitted that hydro rates climbing so high so fast was her mistake, a mistake that the public shouldn't pay through the nose for. Privatizing hydro was deplorable, and offering temporary relief followed by years of rate hikes, packaged and sold as the fair hydro plan, is just as despicable.

It's never too late to do the right thing. Forget about the symptoms; let's treat the disease. It's time to stop privatization and return Hydro One back to its rightful owners: the people of Ontario.

The Chair (Mr. Shafiq Qadri): Thank you, Ms. Thompson. We'll begin with the government: Mr. Delaney.

Mr. Bob Delaney: The government has no questions.

The Chair (Mr. Shafiq Qadri): To the PC side: Mr. Walker.

Mr. Bill Walker: Thank you very much for your presentation. I just want to ask and throw something on the scale. Right next door to me is Bruce Power, which has been privatized. Are you aware that the whole refurbishment is going forward with private investment dollars—with no money from the government—and their rates are 30% less than the normal rates are? At the end of the day, that asset will be given back, with all of the funds for decommissioning even put in there through that operation.

I just want to make sure you understand that there are other opportunities, that sometimes the private sector—they employ roughly 4,500 people, and with the refurbishment that will go up to 8,000: very well-paying, unionized jobs that are going to have a huge ripple effect across this province.

So I think it has actually been a good deal that works well for the taxpayers at the end of the day. I just want to make sure that people in the public are aware that when you say "no privatization whatsoever," there's a company that actually refurbished that whole plant, and is going to. It probably wouldn't have been done if it had been on the government's books. Particularly, with certain governments, it would probably never have gone down that road.

I just want to make sure, on the record, that we balance that ledger a little bit. I think they provide great opportunities in our community. They fund things like hospitals and health clinics and all kinds of charities. With a lot of that so-called profit they make, they put a lot back into the community.

The question, I guess, is this: You talked a little bit at the very start about Hydro One. Do you believe this

should have been in their platform when the Liberals went out?

Ms. Ange Thompson: I don't think it should have been in their platform because I think it's a garbage plan. I don't think they should have privatized Hydro One. It wasn't in their platform, and because it wasn't, no one expected it.

Mr. Bill Walker: I would agree with you. Having said that, if they were going to do something as significant as selling off probably our biggest asset, should it at least have been a referendum to the people to say yes or no?

Ms. Ange Thompson: Absolutely. I think it's one thing to say what you're going to do and do it; it's another thing to lie to the public and say on record, "We are not privatizing Hydro One. We are not selling off Hydro One," and then go ahead and sell it off.

Mr. Bill Walker: Thank you. I'll turn to my colleague.

Mr. Todd Smith: You talked about some of the insiders that have benefited, including some of the high-priced executives at Hydro One. Are you aware that the former CFO at Hydro One bought \$115,000 worth of shares the same morning the Minister of Energy announced that the final sale of Hydro One shares had actually taken place?

Ms. Ange Thompson: I was not aware, and I'm not the least bit shocked.

Mr. Todd Smith: You're not the least bit shocked? No?

Ms. Ange Thompson: No, absolutely not.

Mr. Todd Smith: And how does it make you feel?

Ms. Ange Thompson: It infuriates me.

Mr. Todd Smith: I think that's what infuriates a lot of people: The government hasn't been up front and honest about the way that this sale was taking place in the first place. There have been a lot of bankers and investors that have benefited from this—certainly not the people of Ontario. Would you agree?

Ms. Ange Thompson: I agree. It's the bankers, the privateers, that are making all of the money, and the citizens of Ontario are going to pay the price forever.

Mr. Todd Smith: Thank you.

The Chair (Mr. Shafiq Qadri): We'll move now to the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Thompson, for being here this afternoon. I'm just following on a question from one of my colleagues. I don't know if you're aware that Bruce Power made something like \$650 million in profits a year ago, money that comes out of our pockets and our hydro bills. Do you think we should be paying profits to that private company?

1350

Ms. Ange Thompson: No, I don't think we should be paying profits to private companies. The other gentleman's question was not really a question; it was more a statement, so I just listened, but I don't agree with that. We have a difference of opinion. I think those jobs could be in the Ontario public service. They could offer just as

many jobs. They could be unionized jobs. It doesn't need to be in the private sector.

Mr. Peter Tabuns: Absolutely. What do you think the impact on Ontario is going to be once the period of low prices, which has been bought with very large debt, is over, and people have to start paying accelerated high prices? What do you think the impact of that will be?

Ms. Ange Thompson: We're going to see exactly what we're seeing right now: people having to choose between heating their house in the wintertime and buying groceries for children; kids going without Christmas gifts; all of the challenges that families face. The food banks are running dry because people who used to be kind of well-off and able to donate are no longer able to, because they're paying their huge hydro bills. We're just going to see more of what we're having now, but worse.

Mr. Peter Tabuns: Given the pro-privatization sentiments of the party to my right, in so many ways, do you think that they could be trusted to protect Hydro One in the future?

Ms. Ange Thompson: I didn't trust them to protect it before, and I don't trust them to protect it in the future.

Mr. Peter Tabuns: Okay. Thank you. I have no further questions.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns, and thanks to you, Ms. Thompson, for your deputation.

MS. LIBBY KEENAN LINDNER

The Chair (Mr. Shafiq Qaadri): We'll now move to our next presenter, Ms. Libby Keenan Lindner.

Welcome. Please be seated. Your five minutes begin now.

Ms. Libby Keenan Lindner: My name is Libby Keenan. I am a horse farmer from Amherstburg, Ontario. I have travelled here a long way at considerable expense, and I thank you for the opportunity. This issue is that important to me.

My concern with the Liberal government is the lack of transparency when they conduct business and put forth bills like this one we are speaking to today. When we do not know how much clean energy contracts are costing us, when costs are hidden in the global adjustment and delivery charges on our hydro bills and there are no clear answers as to what we are paying for, it causes myself and millions of Ontarians concern.

I am not a politician or a lawyer. I am a salt-of-the-earth farmer and proud to be one. But I run a business, and I know I have to account for every penny. When I sign a contract, I know what I'm paying for. Transparency is key in running any business. If I were to run my business the way the government runs this province, I would be bankrupt.

The leaked documents provided us with important facts, like the fact that this Liberal government has not had the opportunity to review the long-term ramifications of Bill 132. Premier Wynne and Energy Minister Glenn Thibeault both stood up and admitted they had made

mistakes that they had realized had caused hardship to Ontario families and businesses. Part of the problem is that they rushed the legislation through, and made decisions not taking the time to evaluate long-term consequences. As I see it, they are repeating the same mistakes that brought us to this point in passing this bill quickly.

I resent the fact that the Liberals are not sharing information with the NDP or the PCs. I resent the fact that they are expecting everyone to follow blindly and believe this bill is the answer to the problems with the cost of hydro. I resent the fact this government has sold shares in Hydro One.

As I understand, the Hydro One crown corporation was strategically designed so that the profits of the corporation would be reinvested back into the province: into our schools, hospitals and roads. It was a good system that worked and served our province well.

Now, you have sold 49% of that crown corporation, and we will never have the profits of that to work with again. As I said, I am a farmer. I know better than to sell my seed corn to get a few extra bucks in my pocket. If I were foolish enough to do that, I know I would suffer down the road, and it would cost me much more to purchase seed for my livestock.

With the sale of Hydro One, you have bought a little time. You will invest in roads, schools and hospitals, and for the next few years, everything will look peachy-keen. However, I am frightened. I am 64 years old. Four years from now, when I am nearing 70, I will be more vulnerable, just when the cost of hydro will be shooting up again, quite possibly higher than ever before.

You have basically sold your seed corn. As a farmer, I know this is a dumb move. So when you try to sell this bill to Ontarians, they are not buying it.

The Liberal Party has a history of rushing in and using their majority to pass any legislation they want. My fear is this energy file is one big mess, and full of debt. People do not hide the facts when there is nothing to hide. Ontarians want facts, not promises of short-term relief. Four years goes by in the blink of an eye.

When communities have to raise money to help people pay their hydro bills, something is wrong. When businesses close and move to the United States, taking good jobs with them, something is wrong. When families have to choose between heating and eating, or seniors cannot afford their medication, we have a major problem.

As I said, I am not a politician, but this is what I would like you to do: I want you to take that plan and share it with the PCs and the NDP. I want the very best minds in our government to come together and agree on a plan that will save our province, because, trust me, we need saving. The very future of Ontario depends on that.

Thank you for listening to me today.

The Chair (Mr. Shafiq Qaadri): Thank you. We'll begin with the PC side. Mr. Walker.

Mr. Bill Walker: Thank you very much, Ms. Lindner. I think you've shared, in many ways, what a lot of Ontarians are thinking.

You received a lot of publicity when you met with the Premier. At this point, do you think there was any sincerity there whatsoever? Or was it really a publicity stunt and now we're just going to go right back to the way we were?

Ms. Libby Keenan Lindner: I believe that it coincided very handily with the upcoming election and with the very high degree of frustration people were feeling with their hydro bills.

Because my letter got 21,000 shares in three days, obviously I hit a nerve. I think that the Liberals are very tuned in to somebody flashing a red light that's going to set off a widespread—so Premier Wynne was very nice to me. She talked about solutions, talked about something being done. In fact, something has been done, but it's not real. We are mortgaging against the future.

Mr. Bill Walker: I think if I use your sold corn seed—

Mr. Peter Tabuns: Seed corn.

Mr. Bill Walker:—seed corn, sorry—again, this is really a shell game. “We're trying to suggest to you that everything's wonderful in the world, and we're going to use your money to actually tell you that.” But in four or five years, those rates are going to start going up. We've moved the debt out.

At the end of the day, I trust you resent that and feel that you haven't really—you say that they did come with some solutions, but at the end of the day, they didn't do anything significant to stop and address the increasing and escalating costs for the long term.

Ms. Libby Keenan Lindner: No. The problem is that when you have Scotia iTRADE advertising today at \$22.60 a share, while we are here discussing whether to privatize, there are people already making money off of what we're discussing here.

Is it too late? I don't know. I certainly hope not.

Mr. Bill Walker: If you could ask the members opposite, you would ask them to scrap Bill 132 and come back to the table, as you said, and work with the other parties to find a plan that's truly about Ontarians.

Ms. Libby Keenan Lindner: Yes, bipartisan, across the aisle—and come up with a real solution for hydro.

What has happened now is, the wind contracts, as I understand it, are getting paid 84 cents a kilowatt hour as opposed to 18 cents for the going rate, or three cents a kilowatt hour in Quebec. I could go on and on, but obviously—

Mr. Bill Walker: Were you offended that they came out with the rate relief, and the next day, they actually signed more green energy contracts without telling the public or even including that in any of their thoughts?

Ms. Libby Keenan Lindner: I'm offended now; I didn't know it. But we don't know much of anything.

Mr. Bill Walker: Yes, they signed more green energy contracts the day after they came out and gave you this big relief plan that, again, is going to add \$25 billion to \$43 billion to the taxes of our children and grandchildren.

Thank you for your efforts.

Ms. Libby Keenan Lindner: Of course I'm offended.

The Chair (Mr. Shafiq Qadri): To the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Thank you, Ms. Keenan, for being here today. It is a long trip from Amherstburg to Toronto.

Ms. Libby Keenan Lindner: Yes, it is.

Mr. Peter Tabuns: Are the people in your community of the same mind as you on this Liberal scheme to borrow \$40 billion to reduce bills for a few years, and then looking at big bills later?

Ms. Libby Keenan Lindner: Very much so. In fact, I had a very interesting discussion with our mayor, Al DiCarlo, who said that he and a group of community mayors all across the province have joined together and written Premier Wynne on basically a weekly basis, for months, to ask for some relief for their constituents in some long-term, permanent way. His letters and their letters have not even been responded to.

Mr. Peter Tabuns: So people don't like the idea that the prices are going to zoom up later.

Ms. Libby Keenan Lindner: No, because anyone who is an adult and pays a mortgage or a child's tuition or for long-term repairs or infrastructure on your own business knows four years is nothing. Four years is—well, it's an election, but other than that, it's nothing. It's a blink of an eye, if you do any kind of planning at all.

1400

Mr. Peter Tabuns: The analogy you used of selling off your seed corn, with the sale of Hydro One: Again, is that seen in similar ways by people in your community, those who are farmers who know that they can't sell off what they're going to need tomorrow?

Ms. Libby Keenan Lindner: Absolutely. We have a huge greenhouse industry in Leamington, just a few miles down the road. One of our biggest tomato producers is moving his business to Ohio so he can buy Ontario hydro cheaper than he can buy it here. There's something crooked going on. I'm sorry, but that's the truth.

Mr. Peter Tabuns: Would you say that the plan that has been brought forward by the Liberals is increasing cynicism in your community about this government's approach to dealing with hydro issues?

Ms. Libby Keenan Lindner: I'm not sure it could be increased. The rating where I come from is so low it is unbelievable.

Mr. Peter Tabuns: Right. Okay. I don't have further questions, but I want to thank you very much for taking the time and effort to be here.

Ms. Libby Keenan Lindner: Thank you.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Tabuns. To the government side: Ms. Vernile.

Ms. Daiene Vernile: Thank you. Good afternoon, Libby, and thank you very much for making the long journey from your community here to Queen's Park today to share your stories with us.

It was curious to hear you talk about the Premier reaching out to you personally. You said at the time, and this is a quote from you, “It was a very good, cordial conversation.” Kathleen Wynne took responsibility for

some of the problems listed in the letter, such as high hydro rates, and you applauded her; you applauded the Premier for following through on her promises to cut electricity costs. So my question to you, Libby: Is it important to save 25% on your electricity bill?

Ms. Libby Keenan Lindner: Today, if it's going to be 50% higher in four years, it's not as important, because, running a business, I have to plan. I cannot look at things—you know, that's like saying you get yesterday's bread for half off and then it's green by Wednesday, so you don't use it. I mean, it's a bit of a—that seems like a loaded question. No matter what I say, I'm backing the government. I am not backing the government.

I believe, personally, that Premier Wynne—it's out of her control. Hydro has become so far out of control that I don't think she can do anything about it. Even if she had the backing of the people, I think it has run amok. I think the fact that Scotia iTRADE is offering shares and it's on the TSX—it's gone.

What has to be done is some control maintained and some establishment where the government still could advocate on our behalf. I don't believe that Premier Wynne—I believe, the trouble she's in these days, if she could wave a wand and fix it, she certainly would. I don't think it's going in her back pocket. I think she would give anything—I would not take that woman's job for \$5 billion.

Ms. Daiene Vernile: The fact that measures have been taken, though, does this show you that we're headed in the right direction? Because the other choice was to do nothing.

Ms. Libby Keenan Lindner: The other choice was to do nothing? Headed in the right direction—for four years. Unfortunately, the projections I have seen show that it is going to end up higher than it would have been without this short-term relief. So for instance, for me, yes, it's nice to have a few bucks off. But since it went from \$140 to almost \$600 over the last three years, \$30 or \$40 off is really a drop in the bucket. It's not the answer. No one expects free hydro; that's not the point. The point is, when it's in shareholders' and profiteers' hands, there will be no end of that, and we will have no ability to control it, and neither will Premier Wynne.

Mr. Arthur Potts: You are aware that, as a rural customer and farmer, you could get up to 50% off, and that would be a significant relief.

Ms. Libby Keenan Lindner: Yes, I am aware of that. Yes.

The Chair (Mr. Shafiq Qadri): Thank you, Mr. Potts, and thanks to you, Ms. Keenan, for your deputation.

ONTARIO POWER GENERATION

The Chair (Mr. Shafiq Qadri): We'll move now to our next presenters, from Ontario Power Generation, Mr. Lyash, president and CEO, and Mr. Crozzoli, senior VP, corporate business development and strategy. Welcome,

gentlemen. I know you know the drill. Please begin now; five minutes.

Mr. Jeff Lyash: Good afternoon. My name is Jeff Lyash. As you said, I'm the president and CEO of Ontario Power Generation. I'm joined by Carlo Crozzoli, our SVP of corporate business development.

At the request of the Minister of Energy, OPG evaluated the role that we might play in effectively executing on the Fair Hydro Act, if passed. We're here to outline that potential role. But first, let me tell you a bit about OPG that will help to illustrate why we were asked to engage.

We're Ontario's largest clean energy generator, providing about half of the electricity used each day by Ontario homes and businesses. The electricity we produce is 99% free of smog and greenhouse-gas-causing emissions, and we produce power at a cost that's 40% less than other generators, so our lower rates help to moderate customer price, which is important in this situation.

We also have an important role in ensuring that the province has a reliable supply of clean and affordable power for the future. For example, OPG recently completed the Peter Sutherland Sr. Generating Station, a hydroelectric project, ahead of schedule and on budget. This has been done in partnership with the Taykwa Tagamou Nation, who have an equity position in the facility that will provide them with an earnings stream from that generator for generations.

We're refurbishing the Darlington nuclear station, which supplies about 20% of the power used in Ontario. We removed unit 2, the first unit, from service last October. We recently completed the first of the four segments in that refurbishment, and I am pleased to tell you that we are presently on schedule and on budget with that budget.

We're also executing the work needed to ensure the safe and reliable operation of the Pickering station until 2024. This will maintain a cost-effective supply of energy during the refurbishments of the Darlington and Bruce nuclear plants, will reduce greenhouse gas emissions and will save customers money.

As one of the most experienced and largest generating companies in Canada, OPG has a broad set of relationships and capabilities that make it a valuable resource to the province of Ontario as it wrestles with the challenge of building a clean, reliable and cost-effective electricity system that meets the needs of the next generation.

We understand the system and the forces that will shape change over the next several decades. We have strong relationships with vital industry participants, such as the OEB, the IESO, credit-rating agencies and the capital markets. We have experience managing large investment portfolios, with over \$30 billion under management, and with financing large capital projects.

It's with this role as Ontario's low-cost energy provider in mind that I would like to explain OPG's proposed part in the Fair Hydro Act. The act, if passed, appoints OPG as the financial services manager. Our objectives in structuring this approach here are three:

- to establish and maintain broad access to the capital markets;
- to optimize financing costs over the long term; and
- to maintain a sustainable and transparent execution model.

If the legislation is passed, OPG would create a financing entity which will be ring-fenced from our regular operations. The financial entity would finance costs related to the fair hydro adjustment and spread their recovery over a period of time through 2047.

Under the proposed act, the OEB, with input from OPG as the financial services manager, would set the Regulated Price Plan—the price paid by most customers—to meet the requirements of the Fair Hydro Act. Each month, the IESO would calculate the difference between collections from ratepayers and what is disbursed under contracted and regulated obligations. The IESO would create a regulatory asset equivalent to the deferred costs and offer this for sale to the financing entity that OPG would create as an investment asset.

If the act is passed, the financing entity established by OPG would purchase these investment assets from the IESO using a short-term debt instrument, warehousing the debt until the balance is large enough to take to the capital markets. Three to five times a year, the financing entity would enter the capital markets to secure longer-term financing.

In executing our responsibilities as the financial services manager, we would like to ensure clarity and transparency. The province will establish the value of the clean energy investment, the appropriate period over which to recover it and the shape of the fair hydro adjustment.

The OEB will provide oversight of the costs associated with OPG's role as financial services manager. OPG will ensure that the deferred principal and accumulated interest remain consistent—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Lyash.

We'll begin with the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Thanks, Mr. Lyash, for being here today. Can we have copies of your written notes?

Mr. Jeff Lyash: I'm not sure what the protocol is, but—

The Chair (Mr. Shafiq Qaadri): You say, "Yes."
1410

Mr. Peter Tabuns: Saying yes is generally a good response.

Mr. Jeff Lyash: I'm sure they would be in the record, so yes.

Mr. Peter Tabuns: Okay, great.

The Chair (Mr. Shafiq Qaadri): That's what we're used to.

Mr. Peter Tabuns: And if the Clerk can make that happen, that would be great.

Has this approach of borrowing money to reduce hydro rates or electricity rates been used in other jurisdictions that you're familiar with?

Mr. Jeff Lyash: It has.

Mr. Peter Tabuns: Which jurisdictions are those?

Mr. Jeff Lyash: It's a practice that is reasonably common in the US energy industry. Long Island Power Authority, Duke, CenterPoint—AEP is an example too—amortized investments that are made for a range of instances.

Mr. Peter Tabuns: Have you ever been involved in any of those plans in other jurisdictions?

Mr. Jeff Lyash: I've been indirectly involved as they happened in the industry, and more directly involved in a couple of times that it was considered by Duke Energy.

Mr. Peter Tabuns: It was considered by Duke Energy. Was it actually adopted?

Mr. Jeff Lyash: Yes. We considered it for amortizing investments related to storm reconstruction after a series of hurricanes—in that case, we did not elect to use it—and later considered it for use in amortizing investments that were made in environmental protection and plant retirements, where it was adopted.

Mr. Peter Tabuns: What was your role in developing the plan that is before us today?

Mr. Jeff Lyash: We—OPG, myself and the staff—had, at the request of the ministry, ongoing conversations as the thinking around the legislation was developed, and perhaps most directly in responding to the question, how would you execute on this in a way that is transparent and sustainable?

Mr. Peter Tabuns: So you were able to bring your expertise from Duke Energy to inform those conversations?

Mr. Jeff Lyash: Certainly, but more broadly, the expertise of OPG, of credit rating agencies, of capital market participants etc.

Mr. Peter Tabuns: You know we do have the Ontario Electricity Financial Corp., which has had a history, now, of managing hydro-related debt. Why you rather than them as the financial services manager?

Mr. Jeff Lyash: Not really a decision for OPG to make. I suppose OEFC could finance. There are a number of reasons why it might be advantageous to have OPG take this role.

Mr. Peter Tabuns: What are those?

Mr. Jeff Lyash: I think OPG has a very clear view of the market. We have the ability to monitor, trend-model, and predict the future trajectory of this. We also have existing relationships with all of the market players. This creates a situation where OPG can help to apply some checks and balances on this and make its accumulation and paydown very transparent to the public as a separate entity.

Mr. Peter Tabuns: Will there be profits from the operation of this agency that will be used by your corporation—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns. To the government side: Mr. Delaney.

Mr. Bob Delaney: Good to see you again, Mr. Lyash. You started off a little bit earlier talking about some of your experiences in jurisdictions south of the border and, in particular, similar arrangements such as the initiatives

to refinance the global adjustment here in Ontario. Could you talk a little bit more about some of the experiences in the Great Lakes basin and other areas with which you are familiar and also talk about some of the situations that utilities face where they have not begun to address the issues that Ontario has?

Mr. Jeff Lyash: On the latter point, I think Ontario has clearly taken a leadership position in decarbonizing the electricity sector and made some pretty substantial investments in the reliability of the system. Just as an engineer and as a system planner, I can tell you that that's the case.

There are a lot of other entities in North America that have yet to address these questions, particularly decarbonizing the electricity sector. I think it is open for some debate as to what schedule they will address that on and at what price, but it seems to be pretty clearly defined here in Ontario.

Does that address your question, or was there more?

Mr. Bob Delaney: No, you could continue along that—talk a little bit more about some of the initiatives similar to what Ontario has begun, and you could perhaps discuss some of the other things that go into global adjustment south of the border.

Mr. Jeff Lyash: Ontario has a fairly unique approach to the thing called global adjustment. In many other sectors in North America, what currently resides in the global adjustment is addressed through things like a capacity auction and like ancillary services markets. They charge for operating reserve, ramp rate, and automatic generation control.

In addition, renewables deployment in the US is generally subsidized by federal and state tax credits to relieve some of the burden of that renewable deployment off the electricity ratepayer. So I think these are issues, in part, that the province appears to be addressing with refinancing the global adjustment, and that the IESO, which I know was here this morning, must be tasked with addressing as part of a market renewal effort in order to make what currently accumulates in the global adjustment more granular, more transparent, and in the long run, more competitively priced.

Mr. Bob Delaney: In some respects, then, Ontario is, in effect, harmonizing some of our practices with other jurisdictions.

Mr. Jeff Lyash: You could say that, yes.

Mr. Bob Delaney: Okay. Thanks, Chair.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Delaney. To the PC side: Mr. Smith.

Mr. Todd Smith: Hi again, Mr. Lyash. As a financial services manager, OPG has the ability to prevent certain costs from being paid for as part of this plan. Can you elaborate on how that process is going to work?

Mr. Jeff Lyash: This is perhaps one of the advantages of having an organization like OPG undertake this. The province will be required to establish the value of this clean energy investment and the appropriate period over which it should be amortized, to balance customer interest with cost. OPG then, working with the IESO,

will form regulatory assets and investment assets and we will finance that.

But because we have to maintain broad access to credit ratings for these investments and minimize interest rates, over time we will be in a position to monitor the accumulation of principal and interest in this account, and to make sure that it doesn't become divorced from the underlying asset in order to be able to finance it. If that sort of discipline isn't imposed here, then OPG, as the financial services manager, will simply be unable to buy the asset. You should see this transparently in our quarterly financial reports and in our annual audited financials, and you should see it very clearly when we form the prospectus to take to the debt market, which will have to demonstrate the underlying asset that is backing the liability.

Mr. Todd Smith: Mr. Campbell from the IESO was here earlier today, as you mention. He said they didn't do any of the costing or the forecasting. Did OPG?

Mr. Jeff Lyash: The province is responsible for that initial definition of the clean energy investment and the initial modelling on the term. We've certainly been engaged in those discussions because of our understanding of the assets, our understanding of the electricity market and, most specifically, to ensure that the criteria—the constraints, if you will—that are going to be required to effectively finance this are embedded in legislation, regulation and modelling.

Mr. Todd Smith: You've previously mentioned in the past that investor appetite for this plan has been assessed. How is that process done? And with what underwriter, if any, was the process undertaken?

Mr. Jeff Lyash: From OPG's perspective, we've had outside counsel involved for management. Our board of directors has had outside counsel. We've engaged credit rating agencies, as well as investment banks and dealers, in order to approach potential investors to gauge the breadth and the depth of the market. With the right structure, we believe there will be substantial appetite for this type of—

Mr. Todd Smith: Is there any circumstance that the province could end up on the hook for all of this debt?

Mr. Jeff Lyash: There are some guarantees that are built into the legislation, as I understand it, that are triggered—not ongoing but are triggered—in the event of something—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Smith. And thanks to you, Mr. Lyash and Mr. Crozzoli, for your deputation on behalf of Ontario Power Generation. We would welcome your remarks, both in hard copy as well as digitally so you can circulate it.

ONTARIO ENERGY BOARD

The Chair (Mr. Shafiq Qaadri): Our next presenters are from the Ontario Energy Board: Ms. Aldred, Mr. Antonopoulos, Ms. Band, Ms. Bishop and Mr. Hewson. Welcome, colleagues. Please be seated. Do introduce yourselves individually, and please begin now.

Ms. Mary Anne Aldred: Good afternoon, Chair, and members of the committee. My name is Mary Anne Aldred. I'm the general counsel and vice-president, strategic policy, for the OEB. Rosemarie Leclair, the chair and CEO of the OEB, is out of the country today and therefore not able to attend.

I would like to introduce the members of the OEB's executive team who are with me here today. I have Brian Hewson, who is vice-president of consumer protection and industry performance; Martine Band, associate general counsel; Ted Antonopoulos, director of rates; and Ceiran Bishop, manager of strategic policy. We appreciate being invited to speak to you today.

The OEB is an independent regulatory body that makes decisions and provides advice to the government in order to contribute to a sustainable, reliable energy sector, and to help consumers get value from their natural gas and electricity services.

1420

The OEB has broad oversight responsibilities that are set out in legislation. We license market participants and establish standards of conduct and service. We approve major infrastructure investments. We approve the revenues required by 69 LDCs and five transmission companies to enable them to serve five million customers across the province. We've been setting electricity prices for residential and small-business customers for over 10 years.

Our core regulatory function is focused on ensuring that energy consumers are seeing the highest possible value for the dollars they spend on their monthly bill. This is balanced with the need to ensure appropriate investments are made to sustain the system those customers rely on—and we have a long history of doing just that.

While the OEB is not the architect of the government's proposed fair hydro plan, Bill 132 would, if passed, give the OEB some new responsibilities and affect how we exercise some of our existing responsibilities. Our role in implementing the proposed fair hydro plan is outlined at a high level in Bill 132. Much of the detail is expected to be set out in regulations.

The bill contemplates a role for the OEB in implementing the government's plan to lower electricity bills by 25% for a typical residential consumer, and a role in implementing the government's plan to hold rate increases for residential ratepayers to the rate of inflation.

In addition, Bill 132 contemplates that the OEB will have the following new responsibilities:

- setting the charge by which the clean energy adjustment will be recovered from consumers;
- approving fees that can be charged by OPG in its capacity as the financial services manager;
- ensuring that licensed electricity distributors and unit sub-meter providers abide by the act;
- implementing the government's plan to expand and enhance the rural or remote electricity rate protection program;
- implementing the government's plan for a new First Nations on-reserve delivery credit; and

—setting rates to enable the IESO to recover any funding shortfalls to the extent that the amounts are not transferred to the OPG financing entity and financed in the capital markets.

As the agency tasked with giving effect to these elements of the proposed fair hydro plan, OEB staff has provided technical advice to government on implementation issues. We have done so based on our experience and our expertise in the sector in order to ensure that the government's policy direction and objectives can be implemented efficiently by both the OEB and those entities that we regulate.

While Bill 132, if passed, would affect how we do our work in some respects, it is not intended to limit the OEB's mandate to set just and reasonable rates for electricity distributors and transmitters. The government fully expects that the OEB will continue to exercise that mandate in the public interest, as we do today. That expectation is set out in a letter from the minister that is attached to the report that was posted on our website when we issued new RPP prices effective May 1, 2017.

As the committee members will know, those prices included a portion of the electricity bill reductions proposed under the fair hydro plan. This is in keeping with our normal practice. We set RPP prices based on forecasts, and we include significant price changes that may occur in the period because of the smoothing benefits for consumers.

This is one example of how the OEB, as the independent regulator, protects the interests of consumers. We do the same when we set distribution rates. Since 2009, we have kept annual distribution rate increases near the rate of inflation. We will continue that work in the public interest.

Thank you again for the opportunity to be here today. We would be pleased to answer any questions that you may have.

The Chair (Mr. Shafiq Qaadri): Thank you, Ms. Aldred.

To the government side: Mr. Delaney.

Mr. Bob Delaney: The OEB ranks utility performance. In your experience, does it matter a great deal if a utility is owned by a local municipality or more broadly held when it comes to how you rate them and how you score them?

Ms. Mary Anne Aldred: Certainly, when we set rates for utilities, the rate-setting process is not affected by ownership. For public ownership and private ownership, rates are set in the same way.

Mr. Bob Delaney: Okay. To boil it down to a very simple question, then, one that we've heard a few times earlier today, does the ownership structure of Hydro One have any impact on rates?

Ms. Mary Anne Aldred: The ownership structure of Hydro One does not affect the way in which rates are set by the board.

Ms. Daiene Vernile: Could you repeat that slowly?

Ms. Mary Anne Aldred: The ownership structure of Hydro One does not affect the way in which rates are set by the OEB.

Ms. Daiene Vernile: Does not affect?

Ms. Mary Anne Aldred: Does not affect. We've set rates for the natural gas utilities, which are privately owned, for about 60 years.

Mr. Bob Delaney: If the legislation, as tabled, is passed in more or less this form, what would be the process for a summer rate review to ensure that these savings reached consumers as soon as possible?

Ms. Mary Anne Aldred: If the legislation is passed, the OEB will have 15 business days to reset the RPP prices for July 1. Those rates will be implemented over the summer by the LDCs as soon as they can.

Mr. Bob Delaney: Thank you, Chair.

The Chair (Mr. Shafiq Qaadri): To the PC side: Mr. Smith.

Mr. Todd Smith: So many questions, so little time.

Has the OEB actually directed local distribution companies to start advertising the rate reduction?

Mr. Brian Hewson: No, the OEB has not directed anything like that.

Mr. Todd Smith: Okay. Given that the minister has the ability to calculate what should be prescribed as a clean energy cost and OPG has the responsibility for accepting that calculation and paying it, how is the OEB more than anything but just a rubber stamp here?

Ms. Mary Anne Aldred: The OEB will continue to set distribution rates in the independent adjudicative process that it's always done. The GA refinancing is being—the mechanics of that refinancing are through the RPP price setting, which is the commodity side of the bill.

Mr. Todd Smith: Okay. In order for this securitization to take place, it requires a dedicated revenue stream equal to repay the debt issue. Are we going to be faced with yet another cost on bills that the OEB has no ability to regulate?

Ms. Mary Anne Aldred: I think the details about the eventual recovery of the revenue stream are still to be determined under the legislation.

Mr. Todd Smith: Is it fair to say there's a debt retirement charge that will have to be incurred?

Ms. Mary Anne Aldred: No, I wouldn't put it that way.

Mr. Todd Smith: How would you put it?

Ms. Mary Anne Aldred: I think the minister will determine the arc of repayment of the costs over time. The OEB will set commodity rates as it's directed, in accordance with legislation that exists at the time that we have to set them.

Mr. Todd Smith: Given this may mean a separate line item of as much as \$22 on bills in years to come, according to a document we received from a whistleblower, is the OEB prepared to sign off on this plan anyway?

Ms. Mary Anne Aldred: The OEB is a regulator and a government agency. It is governed by its legislation and the framework that is put in place by the Legislature. We will abide by the legislation and abide by the law.

Mr. Todd Smith: There have been a lot of questions about the distance between government and various agencies. Can you just speak to the independent nature of the OEB?

Ms. Mary Anne Aldred: The OEB acts independently. Its core function is, as you know, to set distribution rates and transmission rates and approve infrastructure. Those processes all happen through independent, quasi-judicial hearings. We have intervenors who appear. It's a court-like setting. That is independent exercise of our core function.

Mr. Todd Smith: When the 8% reduction was to come off January 1, did the OEB send any kind of directive to LDCs regarding that 8%?

Ms. Mary Anne Aldred: I'm sorry, I don't know the answer to that. Can I get you that in writing later?

Mr. Todd Smith: Yes, please, to the committee. That would be—

Mr. Peter Tabuns: Yes, we would like that.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Smith. To the NDP: Mr. Tabuns.

Mr. Peter Tabuns: A few things here: You say that you regulate hydro LDCs the way you regulate natural gas distributors.

Ms. Mary Anne Aldred: I said that it's the same general adjudicative process.

Mr. Peter Tabuns: The natural gas companies: Do they ever get to rewrite your legislation to tell you what you can rule on and what you can't rule on?

Ms. Mary Anne Aldred: I'm sorry. I don't understand the question.

Mr. Peter Tabuns: The natural gas companies don't have the ability to go to cabinet and say, "There are things we don't want you to rule on." Does that come up?

Ms. Mary Anne Aldred: No.

Mr. Peter Tabuns: Okay. Are you going to be reviewing this plan? Are you going to be doing an assessment? Are you going to have hearings to determine whether it's good or bad for ratepayers?

Ms. Mary Anne Aldred: We will comply with the legislation, if and when it's passed. The legislation does not contemplate such a hearing.

Mr. Peter Tabuns: No. So you won't actually be reviewing whether this is good or bad for ratepayers. You aren't regulating this particular scheme or structure; is that correct?

Ms. Mary Anne Aldred: We're complying with the legislation when it's passed—if it's passed.

Mr. Peter Tabuns: All right. It has been said earlier today that this sort of financing scheme has been used before in the United States for different utilities. Are you familiar with the fact it's been used in the United States before?

Ms. Mary Anne Aldred: I'm only familiar with the fact it has been used, but I can't really answer any detailed questions about the nature of the use or whether it compares.

Mr. Peter Tabuns: Is there anyone here before us who can speak to that? Okay, so you can't speak to

whether or not you'll be fulfilling the same role here in Ontario as utility regulators in the United States have fulfilled, dealing with these particular schemes?

Ms. Mary Anne Aldred: No, I can't.

Mr. Peter Tabuns: Okay. Were you consulted? Was the OEB consulted on this piece of legislation?

Ms. Mary Anne Aldred: The OEB provided technical advice such that the policies of the government could be carried out. In our role as regulator, we were asked for implementation advice.

1430

Mr. Peter Tabuns: So how we put a particular charge through, how things are going to be heard when they come up for hearings—but you weren't asked for an overall assessment of the framework before us?

Ms. Mary Anne Aldred: No.

Mr. Peter Tabuns: Okay. The debt, how that's going to be set up: It will be showing on Ontario Power Generation's books. It won't be showing on the government of Ontario's books. Is that consistent with your understanding of what's before us?

Ms. Mary Anne Aldred: I'm sorry; I'm not particularly aware of the accounting arrangements.

Mr. Peter Tabuns: On the bills that will come out in the future, will there be a savings line shown, and will there be a debt line shown when it goes from savings to debt?

Ms. Mary Anne Aldred: I don't think we know that yet. I think the legislation has a placeholder for a regulation on that, but I don't think it's ready.

Mr. Peter Tabuns: All right. Do you have other placeholders for—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns.

Thanks, Ms. Aldred, to you and your entire entourage from Ontario Energy Board.

ONTARIO PUBLIC SERVICE EMPLOYEES UNION

The Chair (Mr. Shafiq Qaadri): I now invite our next presenter to please come forward: Mr. Warren "Smokey" Thomas, president of OPSEU.

Mr. Thomas, the committee is puzzling—or at least the folks on this side—over where the name "Smokey" comes from, but perhaps you'll share that somewhere in the remarks. Please be seated and introduce yourself. You have five minutes to make your introductory remarks, beginning now.

Mr. Smokey Thomas: My name is Warren "Smokey" Thomas. I've lived and worked here in Ontario for my whole life. For the past 10 years, I've been honoured to serve as the president of the Ontario Public Service Employees Union, OPSEU. We're one of the biggest unions in the province, representing 130,000 Ontario workers from Cornwall to Kenora.

Bill 132 is terrible legislation, and I urge you to stop it. It hurts all my members because it hurts all Ontarians, except the very richest. It delivers a one-two punch.

Punch one: In the medium and long term, it will hike everybody's hydro rates even higher than they are today. Over the past 20 years, our rates have gone up 300%. The wages of OPSEU members haven't gone up 300%. They've barely kept pace with inflation. For some of my members, and many other Ontarians, wages have actually fallen against inflation. People are feeling real pain because of hydro rates: having to sell their houses, having to choose between heating and eating. The other day, one of my members working at ODSP talked to a woman who had moved her bed into her kitchen, the only room she could afford to heat. Bill 132 will push hydro rates even higher. Everyone but the richest will suffer.

Punch two: Bill 132 will rob our public services of even more money. Colleges, jails and liquor stores have to absorb those hydro hikes. Hospitals in London, Sudbury and Sault Ste. Marie have been in the news because they've been forced to spend millions more on hydro; that's millions less for patients. Bill 132 will push rates even higher, leaving public services with even less to serve you, your family and your community. Again, everyone but the richest will suffer.

It doesn't have to be this way. Bill 132 is this government's desperate attempt to address a serious problem in our hydro system. The problem isn't the workers. The problem isn't green energy. The problem is privatization. Fix the privatization, and the need for Bill 132 disappears. I'll go into more details about that in a moment. First, I want to say a few personal words.

Like 80% of Ontarians, I oppose the privatization of hydro. I travel this province extensively, talking to my members and everyday working people, seniors and young people trying to scratch out an existence. In arenas, cafes, at gas stations—everywhere I go, people feel betrayed. That betrayal is manifesting in a rage that I have never quite seen before. People know the Wynne Liberals have rigged the game against them. They know Ed Clark's opinion matters more than theirs.

And how are the Liberals responding to our rage? With more betrayal. In their desperate rush to lower our hydro rates before the election next summer, they're betraying our children. They're buying political cover today by selling out the generations of tomorrow.

According to one estimate I've seen, Bill 132 will force Ontarians to pay an extra \$60 billion for hydro over the next 20 years.

So if I sound angry, it's because I am. I'm furious, because like I said, we don't have to do this. Instead, let's fix the real problem: privatization.

My union is a big supporter of a movement called We Own It. It's an evidence-based campaign to spread the word that privatization costs us more—and the privatization of hydro has certainly cost us more. Here's a short history:

In the late 1990s, the Conservatives deregulated hydro rates, and those rates immediately started to climb.

In 2000, the Conservatives sold off Bruce nuclear station. Now the owners make up to \$1 billion in profit every year. If we had kept that profit, our rates would be lower.

In 2007, the Liberals privatized green energy—no public solar or wind allowed, while private solar and wind owners are guaranteed very high prices. Our rates climb to meet those prices.

In 2010, the Liberals' gas plant scandal: We pay \$1 billion to wealthy investors and get nothing in return.

In 2015, Hydro One privatization: We lose up to \$500 million a year in revenue. The financiers and the CEO make millions, while our hydro rates continue to climb—now 300% higher than they were in 2000.

The consequences of these higher rates have been severe. The pulp and paper industry has lost 60% of its jobs. Manufacturing has lost more than 300,000 jobs. The chamber of commerce says high rates will force 20,000 more businesses to close or move in the next few years. As I said before, public services are being forced to divert millions from our communities, giving that money instead to wealthy hydro investors, which brings me back to Bill 132. It's terribly misguided. It's like using your credit card to make a mortgage payment. It only makes our problems worse in the long run.

To really fix our hydro problems, this government must end hydro privatization. It's not too late to stop Bill 132. It's not too late to reverse the privatization of hydro. It's not too late to bring green energy back under accountable and affordable public ownership and control. It's not too late to see Ontario prosper again under affordable and stable rates of public hydro.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Thomas. To the PC side: Mr. Smith.

Mr. Todd Smith: Smokey, good to see you this afternoon. Do you have another alternative here that would provide relief right now for ratepayers in the province? Clearly, this one doesn't do anything. We know from that confidential document that was leaked by the whistleblower that the price of electricity is going to spike. But do you have any idea on what we could do right now to decrease rates?

Mr. Smokey Thomas: I think, right now, they could stop privatizing any more of it, sit and take stock of it and, when opportunities present themselves to bring stuff back into public ownership, take that profit motive out of something that should be for people.

Mr. Todd Smith: You talked about the fact that the cost of electricity is causing problems for our institutions, like our correctional facilities, but they're not going to benefit from this plan either. The cost of electricity at these types of institutions isn't even covered by this plan.

I'm sure, with your members representing most of the workers in these facilities, that's got to be a concern. Are you making your members aware of the shortcomings of this bill?

Mr. Smokey Thomas: Yes, we are, through direct emails to our members, but also through the We Own It campaign.

Mr. Todd Smith: Okay. I know you're opposed to the privatization aspect of what's going on here, which isn't really included in this piece of legislation. Are you opposed to privatization of the electricity sector in all aspects?

Mr. Smokey Thomas: Yes.

Mr. Todd Smith: I know one arm, OPTrust, is involved with a number of renewable energy contracts like the ones that are covered in Bill 132. Is there a bit of—what's the word I'm looking for here?

Mr. Smokey Thomas: Conflict of interest?

Mr. Todd Smith: Conflict of interest, yes.

Mr. Smokey Thomas: Well, yes, actually, I'm in quite a heated debate with pension plans over the kind of things they invest in. I'm opposed to them investing in P3s, and I'm opposed to investing in the federal infrastructure bank P3s in Ontario. I'm in quite an arduous debate with some people in the pension world. I know other unions, I might add, that don't see a problem with it.

Mr. Todd Smith: Right. When you are talking with your members and the government is telling them that they're going to save 25% or maybe more if they're in a rural or remote area, what is their reaction when they hear that?

Mr. Smokey Thomas: Well, they figured it out. It's just going to offload the cost onto their kids and their grandkids. They really don't believe that they'll see the savings as promised.

Mr. Todd Smith: Thank you.

Mr. Bill Walker: Smokey, I just have one. You say in here that the problem isn't green energy, but there's a lot of profit being made by private consortiums. Do you totally agree with that, or was that kind of a general statement? There's a lot of money being made by private consortiums. It is part of the problem, because we're paying exorbitant rates compared to what we could. We're letting water flow at Niagara Falls. We're paying nuclear plants to not produce and we're venting steam.

Mr. Smokey Thomas: I agree with everything you've said. The thing about green energy was to make the point that—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Walker.

To the NDP: Mr. Tabuns.

Mr. Peter Tabuns: Thanks, Smokey, for being here this afternoon. Did you want to finish that sentence from when you were so impolitely gavelled down?

Mr. Smokey Thomas: I know people in Niagara Falls. I've gone through some of those plants just diverting water. I've been through Bruce when they just blow the steam in the air. What a waste. Because it's windy out, you bypass dirt-cheap energy for stuff that's outrageously expensive. I just don't understand the logic in that.

Mr. Peter Tabuns: Can you speak to why privatization has driven up costs in Ontario? The Bruce plant is one that comes to mind; you mentioned it in your speech. Could you talk about the profits that are flowing out of our pockets?

1440

Mr. Smokey Thomas: Yes, everything they've privatized—you introduce a profit motive. Whether it be plowing our highways, maintaining highways, laboratory

services or hydro, everything goes up. Lab services in Ontario cost 40% more. The Minister of Health actually admits that laboratory tests are 40% more in privatized labs than they are in hospital labs. When I asked him, “What are you going to do about that?” he said, “Well, that train’s left the station.” I said, “There’s a turnaround in every track somewhere. Bring ’em back.”

With everything that has ever been privatized, you introduce a profit motive, and then you introduce what they call efficiencies, which drive down workers’ wages, benefits and everything else, so it’s just a spiral down. The P3s: \$8 billion. Everything the Auditor General has said about Liberal plans is absolutely right on, and yet they just seem to want to say, “I’m sorry,” and move on.

I guess I could put it this way: Public services should be for people, not profit. Every time you privatize something, we call it the “pay more, get less” plan.

Mr. Peter Tabuns: So you expect that the plan that has been put forward by the Liberals, the subject of this committee hearing today, is just going to raise our prices in the long run? In fact, not that long a run.

Mr. Smokey Thomas: No, not that long, and I predict it will raise. Everybody I talk to in the business world agrees. I think it really is just a blatant grab to try to get elected next year.

Mr. Peter Tabuns: Fair enough. Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns. With notice, a polite gavel coming down—like that.

Now, moving to the government side: Mr. Delaney.

Mr. Smokey Thomas: I’ve been hit harder. Don’t worry about it.

Mr. Bob Delaney: Mr. Thomas, I think while you were in the room the Ontario Energy Board, who approves rates, just said clearly, multiple times, that the ownership structure of Hydro One does not affect electricity prices.

You say the opposite. On what basis?

Mr. Smokey Thomas: You explain to me how it has gone up 300% then. Explain that to me. That’s my answer to your question: Explain to me how they’ve gone up 300% after being privatized.

Mr. Bob Delaney: Now you’ve taken a position with regard to some of the issues you’ve discussed, and you’re at odds with the power workers. How is that?

Mr. Smokey Thomas: I just don’t think public services, which hydro is, should have ever been privatized.

Mr. Bob Delaney: As well, the society of engineering professionals take the opposite position that you do, and both of those are collective bargaining units that actually work in the sector. What explanation do you have?

Mr. Smokey Thomas: Good for them. They’re entitled to their opinion and entitled to run their business the way they see fit. I just don’t happen to agree.

Mr. Bob Delaney: Thank you very much, Chair. Those are our questions.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Delaney, and thanks to you, Mr. Thomas, for your deputiation on behalf of OPSEU.

ONTARIO GREENHOUSE ALLIANCE

The Chair (Mr. Shafiq Qaadri): We welcome our next presenter, Mr. VanderHout, of the Ontario Greenhouse Alliance. Welcome, sir. Your five minutes begin now.

Mr. Jan VanderHout: Thank you. My name is Jan VanderHout. I am chair for the Ontario Fruit and Vegetable Growers’ Association and president of the Ontario Greenhouse Alliance.

The greenhouse sector in Ontario is an economic powerhouse. Investments over the last four years are on par with a new plant in the automotive sector. The greenhouse sector continues to grow, and it will continue to grow, but we want to make sure that investment happens here in Ontario.

Bill 132 is a step in the right direction for our sector. It will help to lower a key input to our businesses’ energy. As we understand the bill, greenhouse farmers will benefit from the 25% reduction in electricity costs. Additionally, the expansion of the industrial conservation initiative means that greenhouses with average monthly peak demand over 500 kilowatts will be eligible to participate, starting this summer, potentially providing additional savings on their electricity costs.

We appreciate these measures, but I should emphasize that we see these as first steps to addressing a host of challenges: growing costs, infrastructure needs, new regulations and access to markets. Changes to trade deals such as NAFTA challenge our continued success in the marketplace at home and globally. Ensuring the continued success and growth of the greenhouse sector, given the current competitive climate, will take the concerted effort of all stakeholders, of which the Ontario government is a key member.

We look forward to continuing to work with the government and the Ontario Legislature in addressing these challenges together. Growth in the greenhouse sector will happen. The question remains, “Where?” Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. VanderHout.

We’ll begin with the NDP. Mr. Tabuns.

Mr. Peter Tabuns: Mr. VanderHout, thank you very much for coming here this afternoon. You noted that a number of your members will benefit from the 25% reduction the government has talked about with this bill. How will they feel four years from now when the bills start going up 6% and more per year?

Mr. Jan VanderHout: If it goes that way, this will be an added challenge, so we would feel bad about that.

Mr. Peter Tabuns: And since it’s fair to assume that at some point the piper will have to be paid, and since, as far as we know, there are only four years of reduction and then, I think, about six years of increases at 6% a year, and then another 10% on top of that, we’ll be paying about another 10% or 15% more than we would otherwise have paid with the debt that has been taken on. Is that something that your members support?

Mr. Jan VanderHout: If that’s the case, that is not something we support. Increasing the rates exponentially

in the future to stave off price increases today is not a step in the right direction. I, myself, am actually a greenhouse cucumber grower in the Hamilton area, and yes, we don't have the margins to play with—

Mr. Peter Tabuns: No, I didn't think you did.

Mr. Jan VanderHout: —especially when they're unexpected increases.

Mr. Peter Tabuns: Are your members aware that they're going to have to pay for these four years of lower rates with much higher rates for decades to come?

Mr. Jan VanderHout: I would say no, we are not.

Mr. Peter Tabuns: I would just ask that you make your members aware of the fact that it's only four years of reductions and—this is a 30-year plan—26 years of much higher rates. I think that's something that you should be taking into account because, given what you've had to say and given what my colleagues from south-western Ontario—Taras Natyshak, Percy Hatfield and others—have said, greenhouse growing is pretty sensitive to energy costs. I can see why having a decrease over the four years for the smaller operators is a good thing, but I think it could be very dangerous for them for the other 26 years of this plan.

Mr. Jan VanderHout: That's why I mentioned specifically that we need to continue to work on finding ways to keep costs down.

Mr. Peter Tabuns: I understand that. But are you aware that there are no structural changes that are proposed by the government in this plan? They're not going to reduce the amount of generation capacity—because right now we are oversupplied. They aren't going to take back any of these privatized operations into public hands.

The Chair (Mr. Shafiq Qaadri): Thirty seconds.

Mr. Peter Tabuns: Thirty seconds? Thank you.

So they're not aware of the fact that this really is just borrowing on a credit card to keep the prices low for the next election.

Mr. Jan VanderHout: I'd be taking your word for it. I really have a lot of work to do on my own forum.

Mr. Peter Tabuns: Then I'd urge you to look into it, because I think you may find some of this disturbing.

Thank you very much for your time. I do appreciate it.

Mr. Jan VanderHout: Thank you.

The Chair (Mr. Shafiq Qaadri): Mr. Baker.

Mr. Yvan Baker: Thanks very much for coming in; really appreciate it. Can you just talk about what the impact would be of this bill on the competitiveness of the folks in your sector?

Mr. Jan VanderHout: This helps competitiveness for sure in the short term because it affects one of our key inputs. Energy is certainly one of our largest inputs, alongside labour. When there are savings in electricity, then yes, that contributes to making us more competitive.

It also opens the door to the increased possibility of the installation of lights for year-round production. We're one step closer to year-round production so that we can compete on a year-round basis with foreign products.

Mr. Yvan Baker: Are there other forms of investment like that that you could see yourself making as a result of,

I guess, the savings from this, but also the fact that this would help make your sector more competitive?

Mr. Jan VanderHout: That's a very dynamic question because one of the challenges that we face in the greenhouse sector is that we are very much price-takers. We plant in faith and hope that we are going to get the dollars we require.

There is no accounting for what production will be; I can weather that storm. There is no accounting for what prices will be, which is often a much more difficult thing to deal with. There are so many factors impacting our competitiveness and impacting our profit that—will we save \$100,000 and invest that into being more competitive? That's pretty hard to say.

Mr. Yvan Baker: Thank you, Chair.

The Chair (Mr. Shafiq Qaadri): To the PCs and Mr. Walker.

Mr. Bill Walker: Thank you very much, sir, for attending. Using that analogy, it's like saying that if I started your house on fire and gave you a pail of water, would I be a helpful person to you?

I'm going to ask you this question: Hydro rates have gone up 200% to 400%, depending on whose numbers you're going to use. Would you suggest that that increased or decreased your competitiveness?

Mr. Jan VanderHout: Oh, the increase in hydro prices has decreased our competitiveness.

Mr. Bill Walker: Have you lost any operators in your industry due to, at least in part, extremely high energy costs?

1450

Mr. Jan VanderHout: There are a number of factors that have encouraged people to expand their businesses elsewhere, but certainly electricity price is a factor in that.

Mr. Bill Walker: You said it was a step in the right direction, so I'm going to ask you, how many steps are needed, or is it too little, too late? We already know some of your producers have actually left the province; they're gone. They've gone to the States and they're gone.

The debt retirement is going to come back at four times what it is when they took it off the rate, so I'm following my colleague's thought process here that your members probably wouldn't support that if they knew. "Give me 25% now. We're going to put another \$25 billion to \$40 billion onto your credit card, and you're going to have to pay that back in four years." You're going to have the double impact of both increases to your hydro rates in four years plus \$40 billion, potentially, in new debt. Is that something your members would probably support if they knew the fact?

Mr. Jan VanderHout: If that's the fact, we would not support that.

Mr. Bill Walker: Thank you very much. Can you tell me how many of your members would be classified as farms under the current legislation, just even a ballpark?

Mr. Bob Delaney: It's 100%.

Mr. Jan VanderHout: A hundred per cent.

Mr. Bill Walker: A hundred per cent; thank you. Do you have a rough idea of how many members would be classified as class A users versus class B users?

Mr. Jan VanderHout: I'm not sure exactly what the definition of class B is, but I'm familiar with class A and it's a very small percentage; probably 1% or 2%.

Mr. Bill Walker: Thank you. What's the average monthly usage for hydro alone for a greenhouse in Ontario?

Mr. Jan VanderHout: In dollars or in kilowatts?

Mr. Bill Walker: Dollars.

Mr. Jan VanderHout: I've got to do some quick math in my head here.

Mr. Bill Walker: What I'm trying to do is paint a picture. If you go back 10 years to what was and what it is today, if you could even give me that—

Mr. Jan VanderHout: I can tell you on a per-kilowatt-hour basis; I monitor that fairly closely. Just a few years ago it was about 17 cents. Today I believe it's about 24 cents all in, so that would include global adjustment and debt retirement.

Mr. Bill Walker: So a fairly significant increase. You don't have the margins, I trust, to sustain that going forward.

Mr. Jan VanderHout: That's correct.

Mr. Bill Walker: Is it inappropriate for someone to tell you that in the short term, this is going to be a wonderful, rosy world, but in four years, they're actually going to hammer you with even more increases?

Mr. Jan VanderHout: I hope that's not the case.

Mr. Bill Walker: Well, that is the case.

Mr. Todd Smith: There was a confidential cabinet document that was leaked a couple of weeks ago and it actually made a lot of headlines. I think it's important that you look up that story and just see exactly what it says. But it does say that the debt retirement charge will be back, on steroids. We are going to have record electricity prices in four years' time. The price of electricity starts to go up right after the next election, so I think that would be important for you to share with your members.

Also, cap-and-trade continues to go up. I met with—

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Smith, and thanks to you, Mr. VanderHout, for your deputation.

UNITED WAY OF BRUCE GREY

The Chair (Mr. Shafiq Qaadri): I now invite our next presenter, Ms. Dobbyn, executive director for the United Way of Bruce Grey. Welcome. Please be seated. You've seen the drill. You have five minutes for an opening address now.

Ms. Francesca Dobbyn: Thank you very much for the opportunity to speak to you today in regard to Bill 132.

The United Way of Bruce Grey is one of many charities and organizations that process applications from low-income energy consumers for emergency assistance. We have been very vocal and pointed in our concerns

over the past year in regard to high energy costs. Energy is very much a part of our community, as we generate 30% of Ontario's power at the world's largest nuclear station, Bruce Power, so we know what's going on in our community.

We are also home to a few wind turbines and solar farms, and proper farms, with cows, chickens and corn.

We have comprehensive data and we have daily conversations with households struggling with energy poverty. We are our own subject matter experts. Utility companies are not set up to deliver social programs; regulators are not set up to deliver social programs. Social services know how to deliver programs to those they interact with, after they have been qualified.

Charities and community groups know how to engage a broad community, from those in deep need to those who are coping but could use a little extra help here and there.

We are starting to see the positive changes. I have seen two Hydro One bills wiped out completely by the OESPs; their bills were less than the credit. We have spoken to people who have commented that it is significant and it is starting to help.

We've worked closely with the Ontario Energy Board, the OEB, to increase uptake of applications for the OESP, including partnering with local income tax clinics. The OESP gives us what we've never had before: direct access to verified low-income households. We can boost, as was done on May 1, to support those highly specific households with minimal administration.

Putting the cost of the OESP onto general revenue makes sense. All social programs should be funded on the broadest base possible.

Also relevant to our community are the continued changes to the rural or remote rate protection, the RRRP. The January reduction was significant and the changes in the bill will continue to ease the burden for rural customers.

On the sheet that I brought, the long sheet, is comparison data of all of 2016 to 2017. We started coding last year when we looked at the density issue, and we realized that rural was paying double urban costs in terms of delivery. So in our database of applicants to our program—this is just the United Way's program—we started coding their Hydro One applications based on their density level, and we were able to then pull out, based on the grant level, those with electric heat to give that comparison.

In 2016, if you were on electric heat, the arrears that brought you to crisis, to our program, was almost \$1,500. In 2017—and this data was fresh at 6 o'clock this morning—you can see that we have been able to track a reduction. That rural density electric heat crisis is now down to \$986.

It seems kind of ridiculous to say that there has been a reduction in crisis but there's still a crisis. But what people are coming to us with are lower bills. They're not as far behind as they were before. So we're starting to see the impact of these changes across the system, and the

impact of the OESP. We'll be continuing to track this data as the additional changes come through so that we can see what's happening.

So we support the changes in Bill 132, and we believe those changes will continue to reduce arrears in the community.

I've heard a lot and read a lot of chatter in the media and on social media, and I'd like to take the opportunity to encourage everyone in this hallowed hall to ask the question, what would a sustainable, affordable and ethical electrical system look like?

The question of what happens in four years is up to you. You can spend the next four years focused on gotcha politics and scoring talking points and "Does the person with the most Facebook memes really win?" Or can we usher in an era of collaboration and innovation?

Energy is a necessity. When the market is allowed to plan, it plans for profit, regardless of consequence. When the government plans, it plans for the lowest bidder, regardless of consequence. When regulators plan, they become mired in bureaucracy and self-service, regardless of consequence.

So let's start looking at a sustainable system that is safe, affordable and innovative, and work backwards through the steps to get there in four years. Our experience, our data, our team is here to assist in whatever way Queen's Park and its partners see fit to use us. Thank you.

The Chair (Mr. Shafiq Qadri): Thank you, Ms. Dobbyn. We'll begin with the government side. Mr. Delaney.

Mr. Bob Delaney: Thank you very much for your presentation. In working with some of the people that you serve, you mentioned the work that you do with the Ontario Electricity Support Program. Do you also help people to understand how important it is to file an income tax return, to qualify for the Ontario Energy and Property Tax Credit?

Ms. Francesca Dobbyn: Absolutely. There's no funding for federal income tax clinics whatsoever. The volunteers get the training, they may be able to get a computer grant, but the ink, the paper and everything like that is totally up to the volunteers to find. So we partnered with our income tax clinics and we split the proceeds of doing an OESP application. They do the first half and we do the second half, which then gives them a budget to proceed.

And we've highlighted that income tax credit. I said to my daughter—I was in Timmins for the long weekend—"Give me your tax return. I want to make sure you're getting it."

So, yes, we absolutely push and highlight every single deduction people are eligible for.

Mr. Bob Delaney: That would also include, for example, ensuring that everybody on assistive devices is meticulous about getting their tax return in early and that they all apply for the appropriate benefits?

Ms. Francesca Dobbyn: Absolutely. And we do it in a rural context of—everywhere.

Mr. Bob Delaney: I have to commend you for actually making the measurements that show that when you put your effort into bringing the bills down, the bills do, in fact, come down.

Thank you for your deputation.

Mr. Mike Colle: Can I ask a question?

The Chair (Mr. Shafiq Qadri): Go ahead, Mr. Colle.

Mr. Mike Colle: Just on the income tax thing: This is the other frustration—about people not filling out or not having their income tax filled out properly. We have contacted the CAs, the chartered accountants' association of Ontario. They come in every year to my constituency office and they do, free of charge to modest-income constituents, their income tax. I don't know if that's available where you are—

Ms. Francesca Dobbyn: We have many income tax clinics throughout Bruce and Grey counties, because we're rural and people don't have transportation. We have a lot of volunteers who are working hard—retired CPAs and such. It's well covered. We've been working with all of those volunteers to do clinics off-peak, so if somebody needs their—if they finally got organized, shall we say, and they're ready to do it in December, yes, we'll get it done.

The Chair (Mr. Shafiq Qadri): To the PC side: Mr. Walker.

Mr. Bill Walker: Francesca, welcome. How are you?

Ms. Francesca Dobbyn: Hi, Bill.

Mr. Bill Walker: I have lots of questions for you.

Would you agree the least fortunate are still in a perilous state related to their hydro rates? Yes or no?

Ms. Francesca Dobbyn: The least fortunate are in a perilous state relating to food, energy, electricity, everything.

Mr. Bill Walker: Thank you. Are you concerned about the debt retirement charge coming back at four times what has been taken off?

Ms. Francesca Dobbyn: I'm concerned with any debt retirement charge coming in, four years, six years, 10 years, two years—

Mr. Bill Walker: Thank you. So it's a little bit of, "We're going to give you a bit now," but at the end of the day, is it going to be better for those people who are still struggling if it's coming back even stronger in four years?

Ms. Francesca Dobbyn: Well, there's always hope. You know, in four years—

Mr. Bill Walker: Hope doesn't pay the bills, as you know well.

Ms. Francesca Dobbyn: I know that hope doesn't pay the bills. But we've got the basic income pilot, which is three years, so hopefully we'll get to a point where we can manage the bills. I like to be optimistic; you know me.

Mr. Bill Walker: So do I. You know that we spill water at Niagara Falls; you know we pay groups like Bruce Power to vent steam, which is costing us money. I trust you're aware that we spent \$6 billion. We've paid

the States and Quebec to take our surplus. We didn't give it away; we actually paid them.

Do you support a moratorium on the Green Energy Act?

Ms. Francesca Dobbyn: I don't know enough about the Green Energy Act. I don't know how everything interconnects as well as I do know—I know the grid better than the average person. My father worked at Bruce Power for 30 years, so I know the system.

What I'd like to see is people being able to use more power. We've been beating the drum of conservation, and then—

Mr. Bill Walker: But this isn't doing that. My concern with this plan is this is short-term window dressing. It's not actually addressing the systemic problems that we have with our hydro, which is my concern, particularly for the people that you represent, the less fortunate. This isn't really going to do anything other than a little bit of short-term gain—and I'll give them that. “Are you happy to get a 25% rebate?” Yes, people are always going to say, “Absolutely,” but not if your rates have gone up 400%, and they're going to go back and start to escalate again—after an election cycle, which is interesting.

One of the thoughts I had, and you know this as well as I do: Food bank usage in our riding went up considerably between 2013 and 2015. This may roll back prices to 2014. So, again, they're kind of saying, “Yes, this is a bit of a relief.” But at the end of the day, if there are going to be sharp increases that actually fall after the next election, a year away, do you consider this a stopgap or a solution?

Ms. Francesca Dobbyn: I think it's a stopgap for now. That's my challenge to you: You've got four years. Figure it out.

Mr. Bill Walker: Absolutely. When I look at things like your piece of information that you gave us here, it's

interesting that, as an agency, you have to get that detailed, because the problem is so onerous.

I keep saying to the government when I'm in the House, “When are you going to actually address the concern, rather than keep bringing programs?”

The OESP: They actually spent \$12 million to advertise it and to pay consultants. Would you not have thought that it would have been a better use of money to go back to the actual end-users on their bills?

Ms. Francesca Dobbyn: I would like to have seen the charities get some of that, because there's a lot more than we can do, especially with 211.

It's water under the bridge. Let's fix it and get going.

Mr. Bill Walker: Fix the systemic, and not put in window dressing.

Ms. Francesca Dobbyn: Oh, yes.

Mr. Bill Walker: I so fully agree with you. Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Walker. Mr. Tabuns, NDP.

Mr. Peter Tabuns: Ms. Dobbyn, welcome back.

Ms. Francesca Dobbyn: Thank you.

Mr. Peter Tabuns: It's good to see you. I'm glad that people are seeing some relief. I'm very worried about what's going to happen in four years. I don't see any move on the part of the government to deal with the structural issues that will be there to drive prices up again sharply in the future.

Other than that, I think Bill has asked pretty much all of the questions I was going to put to you. Thank you again.

Ms. Francesca Dobbyn: Thank you.

The Chair (Mr. Shafiq Qaadri): Thank you, Mr. Tabuns. Thanks to you, Ms. Dobbyn, for your deputation on behalf of United Way of Bruce Grey.

This committee is adjourned until tomorrow at 10 a.m. in this room. Thank you.

The committee adjourned at 1503.

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