

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

**Official Report
of Debates
(Hansard)**

FT-15

**Journal
des débats
(Hansard)**

FT-15

**Select Committee
on Financial Transparency**

**Comité spécial de
la transparence financière**

1st Session
42nd Parliament
Tuesday 4 December 2018

1^{re} session
42^e législature
Mardi 4 décembre 2018

Chair: Prabmeet Singh Sarkaria
Clerk: Valerie Quioc Lim

Président : Prabmeet Singh Sarkaria
Greffière : Valerie Quioc Lim

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Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

ISSN 2562-0452

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**SELECT COMMITTEE
ON FINANCIAL TRANSPARENCY**

**COMITÉ SPÉCIAL DE
LA TRANSPARENCE FINANCIÈRE**

Tuesday 4 December 2018

Mardi 4 décembre 2018

The committee met at 1500 in room 151.

MR. GLENN THIBEAULT

The Chair (Mr. Prabmeet Singh Sarkaria): Good afternoon. The Select Committee on Financial Transparency will now come to order. Members, just before we start, if the committee agrees, I suggest we go into closed session at the end of today's meeting to discuss how to proceed with report-writing.

Before we do that, I wanted to welcome Mr. Thibeault to the committee. Thank you for taking time out to come. We'll be starting with a 10-minute introduction, followed by 20-minute rounds of questioning, starting with the opposition and then the government, and then two last 10-minute rounds at the end.

Before we begin, I will be reading a statement on parliamentary privilege and the rights and duties of witnesses.

Witnesses appearing before committees enjoy the same freedom of speech and protection from arrest and molestation as do members of Parliament. Furthermore, section 13 of the Canadian Charter of Rights and Freedoms provides that: "A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence." Therefore, nothing said by a witness before a committee may be received in evidence against that person in a court of law or similar proceedings, except in a prosecution for perjury where evidence was given under oath. For this reason, a witness may not refuse to answer a question from the committee on the grounds of self-incrimination or that answering might expose the witness to a civil action.

Witnesses must answer all questions the committee puts to them. A witness may object to a question asked by an individual committee member. However, if the committee agrees that the question be put to the witness, he or she is obliged to reply, even if the information is self-incriminatory, is subject to solicitor-client or another privilege, or on other grounds that might justify a refusal to respond in a court of law. A witness may ask for clarification if he or she does not understand a question. Members have been urged to display the appropriate courtesy and fairness when questioning witnesses. A witness who refuses to answer questions may be reported to the assembly.

Witnesses must also produce all records requested by the committee. A witness may object to production. However, if the committee agrees that the document is to be produced, the witness is obliged to do so. A refusal or failure to produce a document may be reported to the assembly.

A refusal to answer questions or to produce papers before the committee, giving false evidence, or prevaricating or misbehaving in giving evidence may give rise to a charge of contempt of the assembly, whether a witness has been sworn in or not.

With that—

Ms. Catherine Fife: Chair?

The Chair (Mr. Prabmeet Singh Sarkaria): Oh, sorry. Ms. Fife?

Ms. Catherine Fife: Thank you, Chair, for recognizing me.

I just wanted to ensure that we had an opportunity to correct the record from yesterday's meeting. When we were discussing calling witnesses—in particular, the provincial controller—Mrs. Martin had said that Cindy Veinot had only been a provincial controller for six months and an employee for a year.

We, of course, received notice that Ms. Veinot was the provincial controller from July 17, 2016, to September 28, 2018. That is over a two-year period. Perhaps you didn't have the right information. But Ms. Veinot has actually corrected that record, and I felt that it was important to put that on the record. Thank you.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Ms. Fife.

Now we will turn it over to Mr. Thibeault for an introduction of up to 10 minutes. Thank you.

Mr. Glenn Thibeault: Thank you, Chair. Good afternoon, everyone. It's nice to see some familiar faces and some new ones. It's nice to be back, I guess. I thought that maybe I would be here for an alumni Christmas dinner or something other than a committee, but I'm happy to be here and to be able to present evidence.

Very briefly: I did have the honour to serve the people of Sudbury for almost 10 years in both the capacity as their federal MP and then their provincial MPP. It truly is an honour to hold those positions. I know that I don't have to say that to any of you, because you're all elected members as well, and know how important a role you play in your communities. So it is an honour to do this job and the job that you're doing now.

But talking about honours, it was in June 2016 that I was given that distinct honour by then-Premier Kathleen Wynne to serve in her cabinet as the Minister of Energy. That's something that, to this day, I can still say I'm extremely proud of, and humbled that I was asked to serve in that capacity.

I think it would be safe to say that while I was honoured to hold such a portfolio, that energy portfolio is a very complex and important file, one that I never underestimated or took lightly. I really do remember the day that I was sworn in as minister. Right after the ceremony, my chief of staff, Andrew Teliszewsky, who I believe you have met, and my deputy at the time, Serge Imbrogno, held a briefing for me. There was much to learn about this portfolio so we had to jump right in headfirst.

For a while, I was always asked about the portfolio that I had taken on. Most would say that being the Minister of Energy was like drinking from a firehose, but drinking from 100 at the same time. It was really a complex file that needed a lot of hands to help keep it moving.

That is where I believe that I was one of the luckiest ministers in the previous government. Why do I say that? I was blessed with fantastic staff, bureaucrats and stakeholders. Everyone that worked together was truly second to none. From the deputy and his ADMs to all of the bureaucratic staff to my political staff to all of the agencies, the sector truly works together, and I was the very lucky recipient of all of that intelligence and knowledge. By using that knowledge, we were able to help better the system for the people of Ontario.

For almost two years to the day, I had the honour of serving as Minister of Energy. I worked hard to develop a strong working relationship between my office and the dedicated team within my ministry, but also with each of the agencies. We met often and talked about many subjects. It was important for all of us to work together to row the ship in unison.

My time at the Ontario Ministry of Energy gave me a unique perspective on what I would believe to be some of the most challenging public policy files of the day. To say that as minister I had all the answers would be foolhardy. I did not, but what I did have was a staff team, agencies, colleagues and stakeholders that all worked together to find the answers.

Obviously, when I took over as minister, electricity prices were the issue that was front and centre. The former Premier, Kathleen Wynne, provided me with a mandate letter that stated that my first priority was to look for avenues to reduce electricity costs. We looked at all of the options that were available, using both the political and regulatory levers that were at our disposal, to work on ways, really, to best serve and reduce those costs for the people of Ontario.

One of the ways that our government resolved this issue was through the Fair Hydro Plan. I know we're here to talk specifically about the Fair Hydro Plan, and I'm happy to answer your questions during my time here today. I know I reviewed the mandate of the committee, and if the true meaning of this committee is to try and find ways to make

processes and procedures better for the people of Ontario, then I'm all for it.

No one person and no organization is perfect. I believe that every person who gets elected, no matter which party they belong to, is in it for the right reasons: to do the best for their constituents and for the people of their city, of the province or of the country, depending on, obviously, which level you serve.

I do believe we should always strive for better. Isn't that really what politics is about, making better ideas and implementing that for the people? Every one of us has our idea or our policy that we believe is right, and I do think that if we worked together, we could come up with better policies.

I'm happy to be here once again, in this committee room, ready to answer your questions to the best of my knowledge, to make our systems better. With that, I'm here today to support the work of this committee and I'm happy to respond to your questions.

I'll hand it back over to you, Chair.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you very much, Mr. Thibeault. Just before I hand it over to questioning, I'll just make some remarks and caution all our honourable members on their language and decorum in committee. I recognize, obviously, that at times discussions can become heated, but I would ask members to keep their remarks and tone temperate. The committee is an extension of the House, and members must maintain the same order and decorum as they would in chamber.

Now, with the first 20 minutes of questioning, over to the opposition, starting with Ms. Fife.

1510

Ms. Catherine Fife: Thank you, Mr. Thibeault, for being here. I don't think any of us would ever have thought that you would come to this committee and say that you were lucky, honestly, because the energy file in the province of Ontario is as messy as it gets. We had the Premier here yesterday. She described, in many ways, her motivation for ending up with the very complicated—some would say opaque—accounting mechanisms that were used within the Fair Hydro Plan, as getting to that point because of successive governments and decisions that had been made over the history of this province.

You will know that those were gas plants—that was before your time, I believe. Gas plants were before your time. But you were still inheriting the Green Energy Act, for instance. We're still feeling the impact of some of those high costs in the province, as you know. This maybe would have been a very shocking briefing for you when you did sit down with ministry staff to find out that we had been paying 86 cents per kilowatt hour, when the competitive rates were six or eight cents per kilowatt hour.

Then we had the privatization of Hydro One, and that was a very contentious and very divisive issue. Then we ended up with the Fair Hydro Plan, whereby the Premier told us yesterday that the motivation to do so was to bring the costs down.

But the question really isn't so much about motivation. It comes down to, why did the government land on such a

complicated accounting scheme? You will know that we have had the staff that you've praised—and for good reason, because those staff gave you advice in those meetings and said to you, “Listen, we've never gone to this model before. There is going to be a lot of questioning about it, for good reason. OPG doesn't have the expertise to handle this kind of complicated model. It's really uncharted territory.” The province had never moved to that model before.

I really just want to get a sense from you as to—you had all of these obviously economic and political pressures facing you, and then you were presented with trying to find a solution. I think that the committee really would benefit from hearing at what decision point did you think taking all of that debt off the books and inheriting all of that interest and also burdening future generations with all of that debt—where was that decision point? Can you speak to that, please?

Mr. Glenn Thibeault: Thank you for the question, Ms. Fife. It's nice to see you again. It's great to be back. There is a lot in that question, so I'll try and break it down as best I can.

The first part of that: You mentioned that you were surprised that I came here and said that I was one of the luckiest ministers. I still feel that way. I didn't say “the easiest ministry”—I said I was one of the luckiest ministers—because you're right, it was a very complex file. There are a lot of moving parts in this file. We, as a government, had some very serious decisions to make.

Maybe I'll start working backwards, and then if I forget a piece, I'll ask you to repeat the question.

Ms. Catherine Fife: Sure.

Mr. Glenn Thibeault: But the last one was specifically around the Fair Hydro Plan and what mechanisms we used to get to that point.

Looking back to the very first day that I started as minister—that was around June 13, 2016—my mandate letter talked about how we needed to find solutions to reduce costs. So we came up with the 8% reduction relating to the portion similar to the HST, and then looking at costs to reduce for the RRRP.

The Premier then said in November that we needed to do more. That was then incumbent upon myself and my ministry to work with other agencies and stakeholders to try and come up with some other solutions.

All of the low-hanging fruit in relation to trying to find ways to reduce costs had already been done. There wasn't one point or one person who could raise their hand and say, “Let's look at the global adjustment and refinance the global adjustment.” It was through several meetings over a period of time with different stakeholders that we met with to come up with the idea of refinancing, and then having to work through that each time there were risks presented.

You mentioned staff. I'm assuming when you say “staff,” you're talking about both my political and the bureaucratic staff.

Ms. Catherine Fife: Yes.

Mr. Glenn Thibeault: Let me talk about the bureaucrats first. I have loads of respect for Deputy Imbrogno and many of the ADMs who were within the Ministry of Energy. They would provide advice to us based off of risks that were being presented. They provide advice and they give you the risks, and then government makes the decisions as we move forward. At no time did I ever hear any of the staff say, “Don't do this.” What they would say was, “Here are some of the risks that you should be concerned about.” Then, our follow-up would be, “Okay, let's find ways that we can address these risks.” When they were addressed, we would move forward to the next step.

Was Hydro One a question in there or was it just more of the—

Ms. Catherine Fife: The rationale that was given yesterday was that poor decisions had been made along the way, even though part of those decisions were Liberal decisions and therefore there was a justification to move to this very risky model of financing: rate mitigation. Those two things don't really make sense to us, because if you're acknowledging that poor financial decisions had been made and then you continue on that path—and we did have deputations who truly said, “This model is not the model that we would go with.” At the end of the day, perhaps we're going to come to this place where politicians will do what politicians do and make decisions. But there were some checks and balances.

The Financial Accountability Officer had weighed in, the Auditor General had weighed in on the accounting mechanism that you had been using. In fact, the Auditor General went so far as to file a special report just on the Fair Hydro Plan, and she said that when the financial information of the government is not or will not be presented fairly and transparently to both the Legislature and Ontarians, then this warrants a value-for-money audit.

Perhaps this committee isn't going to get the real answers, if you will, but at some point you must have been presented with the reality of the political decision that you were making to take a good chunk of this debt off the books and embrace the financing at the highest rate possible. Was that clear to you as a minister?

Mr. Glenn Thibeault: I need to jump to the very first point of your question. You were talking about testimony that was provided yesterday. I'm assuming that's by MPP Wynne—and I can only make the assumption, because I haven't had a chance to see her testimony. When you're asking me about years of all parties not investing appropriately, that wasn't financial; that was just a lack of investment made by all parties—NDP, Liberals, Conservatives. We let the system degrade. We all need to take responsibility for that as parties.

Ms. Catherine Fife: I think the point on the Green Energy Act is that you completely privatized green energy and you did so with contracts that made no financial sense. Perhaps we're going to disagree on that, but I'm right on it.

Mr. Glenn Thibeault: There have been many speeches in which I said the Green Energy Act was the right thing to do. The issue is between the how and what. The what wasn't the problem; it was the how, and I've said that in

speeches as Minister of Energy. How we procured the power—we were sole-sourcing. Hindsight is 20/20—but what we did was bring in green energy. That was the right thing to do. The what was the right thing to do. I think we can agree on that.

Looking at the overall picture of where we've come to in terms of energy, we now have a system that is clean and reliable, that is free of coal. It's something I know we should be proud of in terms of the grid that we have. But that came with a cost. That cost was \$70 billion to rebuild that system. That cost needs to be managed, and the Fair Hydro Plan was a way for us to help manage that cost over a longer period of time, making it fairer for everyone.

1520

Ms. Catherine Fife: The \$9 billion in additional costs that the Auditor General identified in the Green Energy Act—that's a significant amount of money. I hope you can agree with me on that.

I want to move on to the Auditor General. Have you had a chance to actually read the commissioners' report that they did write for the government?

Mr. Glenn Thibeault: I haven't been able to review it all.

Ms. Catherine Fife: Okay. There's an executive summary, and I'll just highlight one of the points. The commission actually identified specifically "transparency for the taxpayer and general public" as a top priority in moving forward, because they identified—correctly—that there was a lack of transparency in how the financing for the Fair Hydro Plan was presented to the public.

They also identified that we need to "restore a constructive, professional relationship between the government and the Auditor General in a manner that respects the Auditor General's legislated independence."

They go on to say—and this is one of their key recommendations, Mr. Thibeault—that going forward, we should "Require that the Auditor General is given advance notification and is asked for comment when a ministry or an agency consolidated in the financial statements of the province proposes to engage a private sector firm to provide accounting advice." We've tried to call KPMG, because I know that they were part of the process from the very beginning, but the government has refused to call them, And, "In addition, require that the province approve, after consultation with the Auditor General, the retention of the same private sector firm." So they're looking for some consistency there.

At the heart of the issue was trying to follow the money with regard to the Fair Hydro Plan. Obviously, when you were part of the ministry, you basically said—and this is from a Canadian Press article from March—that Lysyk, the Auditor General, "doesn't like the rate-regulated accounting." She in turn came back at you and said the IESO is using "bogus" accounting practices, and her office launched a special audit of the agency.

At this point in the drama that is now the Fair Hydro Plan, you have an independent officer of the Legislature fighting the government actively in the media, trying to gain access to information and challenging the credibility

of the government of the day. Can you go back to that time period and give this committee some idea as to where you thought this argument was going to go and why it was worth it to you as a minister of the government?

Mr. Glenn Thibeault: First you asked me to respond to this document, so can you clarify which page that was on for me?

Ms. Catherine Fife: Were you given this document?

Mr. Glenn Thibeault: I was just given the document, yes.

Ms. Catherine Fife: Okay. It's on page 1. It's the executive summary, and then the recommendation, essentially, is to restore a constructive relationship with the Auditor General. Then I moved to the part where you didn't have a constructive relationship with the auditor, and I'm trying to ask you what your thoughts are on this recommendation from the commission, because they are informed by the government of the day's relationship with the auditor and how that compromised confidence in the Fair Hydro Plan.

Mr. Glenn Thibeault: The word "transparency" came up a couple of times. While the Fair Hydro Plan was a very complex piece of legislation, it was a very transparent piece of legislation. It was brought forward to the House. It was debated in the House. It went through its three readings. It went through committee. There's no other process that I can think of that is more transparent in terms of providing the people of Ontario—or even MPPs, for that matter—the opportunity to be able to learn and understand. We provided technical briefings to try and make sure that we were as transparent as possible on this. While I understand that this may be a recommendation, I do believe that with this legislation, we were as transparent as we could be when it comes to that.

On the Auditor General piece, are you quoting something specifically from an article? Because there were quite a few—

Ms. Catherine Fife: Oh, that? You did a lot of media, I'll give you that.

This is you referencing—I'm just giving you a piece of the conflict that you were in with the Auditor General at the time. She actually is questioning the transparency, because she goes on to say that this decision may cost up to \$4 billion. So that's the transparency piece: What's the final price tag? Because you were really gambling on a rate mitigation strategy that, in the short term, would reduce costs, and it did in some respects, but even the constitutionality of the Fair Hydro Plan was challenged because it was not transparent. Really, it became about asking future ratepayers to share the burdens of investments made today. The government analysts were not confident that these assets would still be delivering benefits to future ratepayers stuck with the cost of the Fair Hydro Plan. That's why government staffers warned of a high probability that the Fair Hydro Plan might be unconstitutional, because you're transferring an unknown amount of debt—we just know that it's going to be a large amount—to future generations.

The Chair (Mr. Prabmeet Singh Sarkaria): Four minutes.

Ms. Catherine Fife: Do you disagree with that?

Mr. Glenn Thibeault: Well, there was a lot in the question, and so I'm trying to unbundle it. The first part talked about the Auditor General. It's been asked a couple of times about working with the Auditor General. I don't see the dispute that we have as necessarily a conflict. Ninety-nine per cent of the time, we work with the Auditor General on recommendations that we make and most of those are resolved. In this instance, the Auditor General disagreed with the accounting practices that were brought forward with the Fair Hydro Plan.

We don't necessarily work with the Auditor General. We have our experts, which is the chief controller for the province of Ontario and the accountants who come with that department within government. We have our own senior bureaucrats who also talk about the accounting practices. In each instance, we were told that the accounting practices that were being brought forward were confirmed and also confirmed by other outside experts. For example, Deloitte was the entity that confirmed that you can use US GAAP in this type of rate-regulatory financing.

Ms. Catherine Fife: But you must admit—

Mr. Glenn Thibeault: So, for us, we were getting the information—sorry.

Ms. Catherine Fife: —it was a departure, though, because you actually had to create legislation so that you could use this new accounting scheme, and that caught the Auditor General off guard. I mean, the first time she saw that IESO was going to use this new accounting mechanism was on their website.

I think there was definitely a communication breakdown, and I think that when the Auditor General uses language like the government is “purposely obscuring the true financial impact” of the 25% cut to hydro bills, I would describe that as conflict because she was challenging the government of the day.

One of the recommendations, though, is to renew—and we're trying to be forward-thinking here, which is sometimes very hard to do because there's so much to go through; right? We've had a million documents through this committee—a million-plus, if you can imagine.

The recommendation is that the Auditor General have a more key role or a more respected role in the true presentation of the financial state of the province of Ontario. That's one of the key learnings from that. But you are saying that you didn't feel that that was a true conflict with the auditor. You didn't see that as problematic for the government?

Mr. Glenn Thibeault: Looking back, much of the dialogue that I would have with the AG was when she was in my office and was trying to understand our reasoning and our moving forward on the accounting practices. I am not an accountant; right? I'm a politician, just like everyone else, and so we would have—

Ms. Catherine Fife: If I had a dollar for everyone who says they're not an accountant, I'm telling you, we wouldn't have a debt.

Mr. Glenn Thibeault: You would need an accountant to actually count all the dollars. But it is an important point to emphasize because, as minister, I'm required to get the

best advice possible. So we did have a chief controller for the province who would provide us advice and provide us direct and important information, and we would have that information also from our senior bureaucrats—

Ms. Catherine Fife: And I wish we could call that person to this committee because I think that Cindy probably could inform this process; don't you think?

1530

Mr. Glenn Thibeault: That is up to this committee to decide. I'm just here to give my evidence as best I can.

For me, we would rely on the experts that we had. The experts that we had going through our process were always making sure that we were meeting the accounting standards and that the chief controller's office and our accountants were comfortable with where we were moving. They were very comfortable with where we were moving forward with the Fair Hydro Plan.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you. That concludes the first round of 20 minutes from the opposition. We'll go over to the government side for 20 minutes, starting with Ms. Martin.

Mrs. Robin Martin: Mr. Thibeault, I see you're getting some water, so go ahead and take your time.

Mr. Glenn Thibeault: Thank you.

Mrs. Robin Martin: You twice referred to your mandate letter, I think, in your comments earlier. The mandate letter that I found is from September 2016. You were appointed in June 2016, were you not?

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: And you received your mandate letter a couple of months later?

Mr. Glenn Thibeault: The Premier and I would sit and talk about what was going in the mandate letter. The very first thing that she said to me was, “We're starting to hear more and more about electricity prices, so that's going to be the priority.” By the time it got put onto paper and released publicly, that was the process. But I can—

Mrs. Robin Martin: Okay. I see that it's got a list on the website—that's what I'm looking at—of six main things or six sections that are contained within. The first one is taking further action to mitigate the impact of electricity prices on consumers and businesses. That's what you're referring to?

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: Okay. Then the other ones are developing a long-term energy plan; promoting conservation; supporting growth of a low-carbon economy; engaging with Indigenous partners; and driving efficiencies and maximizing return on investment from the sector.

The number one thing was the one about mitigation of rates, as I understand it.

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: Just going to that section, I notice that it talks about the HST rebate of 8% that was to go on on January 1, 2017, but it doesn't talk about anything else as far as mitigating rates. Were you discussing other things at that time or did that come afterwards?

Mr. Glenn Thibeault: That came afterwards. What we were looking at doing was bringing forward the 8% and

then some changes to the RRRP. Sorry, this ministry talks in acronyms, so I'll try and—it's the Rural and Remote Rate Protection Program, so making some changes to that. While we made those changes, I think it became evident that more needed to be done.

Mrs. Robin Martin: It became evident at some time between September 2016 and January 1, 2017, when that kicked in?

Mr. Glenn Thibeault: No, I think it was really becoming more of an issue that needed to be dealt with in terms of government and MPPs on all sides hearing from constituents who were expressing concern. Obviously, we recognized that more needed to be done.

Mrs. Robin Martin: There was an email that we referred to in prior witnesses' testimony from Andrew Bevan to Andrew Teliszewsky. I don't know if everybody has a copy of it. I've got some copies here and I can certainly put one in front of you, Mr. Thibeault.

Mr. Glenn Thibeault: Thank you.

Mrs. Robin Martin: It's an email that went from Andrew Bevan to Andrew, but in the bottom part of the email, dated February 12, 2017, at 12:04 p.m., they're reviewing a slide and it defines a win as "neutralizing as an electoral issue electricity prices ... if we (govt and Premier) are recognized as having fixed prices appropriately."

Was that what you and Premier Wynne discussed?

Mr. Glenn Thibeault: Premier Wynne and I would discuss—if you want to use the word "win"—ways of helping the people of Ontario reduce their rates. That was the mandate that she and I talked about. I can't comment as to what Mr. Bevan's perception of that statement would be.

Mrs. Robin Martin: So you didn't ever say, and the former Premier never said to you, that a win would be "neutralizing as an electoral issue electricity prices"?

Mr. Glenn Thibeault: The Premier and I often talked about the importance of addressing this issue in terms of pricing. Finding ways to help the people of the province was ultimately the goal that I perceived this as.

Mrs. Robin Martin: Right, but another part of it was also making that not an electoral issue for the upcoming election. Isn't that correct?

Mr. Glenn Thibeault: My honest thought process, going back to September, was that the election was still a good distance away. To me, this was more about doing the right thing and finding a way of reducing costs.

There was lots that was happening on the file, and I was still learning it, right? As I said earlier, I was drinking from a thousand firehoses. Not that I'm trying to minimize the complexity of the file, but there was lots for me to learn and, at the same time, trying to find ways to reduce rates was, I think, the most important thing. For me, it wasn't an electoral issue.

Is it a political issue? Yes. I think all issues—let's call a spade a spade on that. But ultimately, for me, this was a way to actually help reduce some of the burden that people were experiencing.

Mrs. Robin Martin: At yesterday's committee, there was a discussion about the public perception around electricity prices. Would you agree that the popularity of your

party, the Liberal Party, was being negatively impacted by the public's belief that their hydro rates were unsustainably high?

Mr. Glenn Thibeault: I don't think it was just energy. I think that there were other factors that may have, at that time. But I can't recall what the polling numbers were.

Really, I do believe in all sincerity that it is a government's job, a government's role, to react to the concerns brought forward by constituents and the people of the province. We have a mandate to react, just like your government has a mandate to react now.

Mrs. Robin Martin: Sure. Internal polling conducted for your government in the month prior to the announcement of the rebate on electricity bills suggested that 94% of residents wanted price relief. This article was written on November 13, 2016, on CBC, and it refers to polling done in August and September of that year, I believe.

Was your government motivated to act by the fear of a backlash in the upcoming election?

Mr. Glenn Thibeault: I know the Premier and myself reacted very specifically to some very impactful statements made by individuals from within the province. I know that many of you would have heard from constituents with the concern that they were having about their electricity bills and how it was affecting their day-to-day lives. That's what made an impact to me.

Do politicians and governments and parties look at polling numbers? Yes, we all do. But I think we were driven by trying to find solutions to an ever-growing problem that we were hearing about from the citizens of the province.

Mrs. Robin Martin: When you took over as Minister of Energy from Mr. Chiarelli, was there ever a discussion with him regarding high electricity prices?

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: What was the nature of that?

Mr. Glenn Thibeault: An interesting thing that I don't think has been discussed yet at this committee was the Ontario Clean Energy Benefit. I know some of you around this table will remember that. That was a 10% reduction that was given to all ratepayers in the province from, I think, September 2011—don't quote me on the actual month, but it started in 2011 and it ended on January 1, 2016. That was a 10% reduction that people were seeing on their energy bills. That ended in, as I said, 2016, and then we started to see more and more people bringing electricity prices as a concern.

Minister Chiarelli and I had several meetings during our transition. I can't specify which one, but what I can tell you is that we did talk about the loss of this benefit having an impact and that we should find ways to help mitigate that.

Mrs. Robin Martin: Yesterday, Kathleen Wynne told this committee that she believes that the Green Energy Act contributed to out-of-control prices, and the Auditor General said in her annual report that Ontarians would pay \$9.2 billion more for renewable energy over the next 20 years because of the Green Energy Act.

Would you agree with the Auditor General and the former Premier that the Liberal government's policies contributed to this problem of rising rates?

Mr. Glenn Thibeault: As I said earlier to Ms. Fife, I do believe that the Green Energy Act was the right policy; it was the “how” and the “what” that was the difference since the way some of it unfolded led to higher prices, but the changes that were made by our government at the time helped to mitigate some of that.

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Mrs. Robin Martin: You said the “how” and the “what” and I wrote that down when you said it. You said we were sole-sourcing and hindsight is 20/20. I guess what you’re saying is you don’t think sole-sourcing those contracts was a good idea.

Mr. Glenn Thibeault: I’ve been out on the public record saying many of those things—sole-sourcing being very technology-specific in terms of what we were asking for back in the day. This was before my time. I’m not trying to weigh in on the benefits of that, but looking back, the sole-sourcing of contracts being so specific really led to some of the prices that we saw. What we should have been doing and what we’re doing now—and I can’t speak for your government, but what we did up until the election was eliminate that to ensure that we wouldn’t be agnostic; that if new technology is coming forward—if it’s storage, if it’s demand response, if it’s understanding the way algorithms work and using new technology—we should be adapting our need for the electricity system to still stay coal-free but to make sure that we adapt to new technology at the cheapest cost.

Mrs. Robin Martin: So I take it from what you’re saying that you should not be picking winners and losers and the type of technology; you should be letting the market decide what the best provider is within certain principles.

Mr. Glenn Thibeault: My words are: Allow for some of the cheapest costs with the best technology to come forward.

Mrs. Robin Martin: I know you said you took steps to mitigate, but there was the 8% that was coming off on January 1, 2017, but while you were minister, you were proceeding with LRP1, the large renewable procurement 1, which was 500 megawatts, were you not?

Mr. Glenn Thibeault: Yes. LRP1 was still continuing.

Mrs. Robin Martin: And it did continue.

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: And those contracts were signed.

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: Do you remember when they were signed?

Mr. Glenn Thibeault: No.

Mrs. Robin Martin: Okay. But they were signed after you became minister.

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: And—

Mr. Glenn Thibeault: Can I clarify? Sorry, I didn’t mean to cut you off but I just want to clarify. I didn’t sign all of the LRP1 contracts. There would probably be a few—I can’t recall how many, but some were signed by Minister Chiarelli, and then I would have finished that off.

Mrs. Robin Martin: Okay. That added up to a cost of some \$70 million, did it not?

Mr. Glenn Thibeault: I can’t recall what the actual cost of that was. If you have a document that you would like—

Mrs. Robin Martin: I don’t have that document in front of me but that was what I read in the materials. But at the same time as you were trying to get costs down for ratepayers you were adding costs to ratepayer bills with those contracts.

Mr. Glenn Thibeault: On the LRP—but that’s also power that we still needed to procure, if you were looking at our long-term energy plan, making sure that we were going to have power that we would be able to procure when we needed it. But there also—

Mrs. Robin Martin: Minister Thibeault, as Minister of Energy, surely you knew that at that time we had more energy than we could possibly use.

Mr. Glenn Thibeault: I’m going to get right to that because my answer would be that we also then cancelled LRP2 because we knew we didn’t need that power. But the way the contracts work is, when you sign the contract, they don’t start getting paid for that as soon as the contract is signed. They get paid when the project is built and up and running.

Mrs. Robin Martin: Right.

Mr. Glenn Thibeault: So when you’re looking at the long-term energy plan that we implemented, we knew, for example, that the Pickering nuclear plant was coming off-line in 2022 to 2024. We would need some power by this time, so—

Mrs. Robin Martin: More power than we had?

Mr. Glenn Thibeault: No. We would make sure that we were building to actually meet those needs. If you were to look at the old long-term energy plan, we would have a dip in electricity in the amount that we would have.

Mrs. Robin Martin: You also were putting the cap-and-trade cost on for January 1, 2017.

Mr. Glenn Thibeault: That was the Ministry of the Environment and Climate Change.

Mrs. Robin Martin: Okay, but it’s the same ratepayer paying the bill.

Mr. Glenn Thibeault: Can you clarify that question on—

Mrs. Robin Martin: It’s going on the bills. It’s going to make energy more expensive.

Mr. Glenn Thibeault: On natural gas?

Mrs. Robin Martin: Yes.

Mr. Glenn Thibeault: But that—

Mrs. Robin Martin: You’re still adding to people’s bills, is the point.

Mr. Glenn Thibeault: But natural gas is different than the Fair Hydro Plan.

Mrs. Robin Martin: I understand that, but you’re saying you were trying to make things better for people. Aren’t you also making things worse by adding that on?

Mr. Glenn Thibeault: Most people in rural areas were looking for natural gas.

Mrs. Robin Martin: They would have been happy to have it rather than electrical heat, I know—

Mr. Glenn Thibeault: So again, I’m happy to answer questions on the Fair Hydro Plan in terms of—

Mrs. Robin Martin: You did sign an agreement in October 2016 as well, which was after you became minister, with Hydro-Québec, did you not?

Mr. Glenn Thibeault: Yes.

Mrs. Robin Martin: And did that not go onto people's bills as well?

Mr. Glenn Thibeault: It was actually a \$7-million reduction.

Mrs. Robin Martin: How is that?

Mr. Glenn Thibeault: The specifics of the agreement, I can't recall. But I do recall that the amount was a small amount, and the power that we would be able to procure from Hydro-Québec would actually have been a small reduction on everyone's bills.

Mrs. Robin Martin: In March 2018, your chief of staff travelled to Ottawa, and he briefed the Prime Minister's office on the Fair Hydro Plan. Apparently, Prime Minister Trudeau—it was reported in the emails—got an earful on this Tim Hortons tour about the cost of energy in Ontario.

Was that a significant concern to you? Did you hear about that Tim Hortons tour and the Prime Minister getting an earful about high energy costs?

The Chair (Mr. Prabmeet Singh Sarkaria): Just under five minutes.

Mr. Glenn Thibeault: I recall reading it in the news.

Mrs. Robin Martin: You didn't talk about it with your staff?

Mr. Glenn Thibeault: I can't recall if I talked about the specifics of that at this moment.

Mrs. Robin Martin: Okay.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano.

Mr. Ross Romano: Thank you, Mr. Thibeault, for being here as well. I like to start off some of these things—obviously, given your role, we're clearly referring to the Fair Hydro Plan, so I'll confine my questions to that.

I would like to start off with the things that we already know. Obviously, you're aware that we've heard from a number of witnesses, including your deputy minister, Mr. Imbrogno; your chief of staff, Mr. Teliszewsky; and obviously, yesterday, the former Premier, Kathleen Wynne.

It's clear from everything we have heard—we can say that we do know at this point in time that the primary motivation behind the Fair Hydro Plan, behind those rate mitigation efforts, was political. Obviously, we could see that it was the number one item on your mandate letter, and that's perfectly okay. I like the line that Ed Clark gave us where he said that politicians will do political things. It's absolutely accurate.

The bigger issue is when we get to the secondary aspect of why it was done. Clearly, the Fair Hydro Plan sought to reduce rates by that further 16% for the 25% reduction. But the way in which the accounting was done—the how—there was only one reason to do the accounting, and this has been clear from all of the evidence we've heard. The way it was done through the Fair Hydro Plan provided an additional benefit politically to the government of the day, and that was that it kept the money off the books. You would likely have seen the Auditor General's report on the Fair Hydro Plan, which referred very specifically that the

true purpose was to hide the true state of the net debt and the deficit in the province of Ontario. That's where the problem comes in.

I think you would agree that this was a very highly complex plan, the Fair Hydro Plan. You're nodding in the affirmative.

Mr. Glenn Thibeault: I would agree that it is a complex piece of legislation, yes.

Mr. Ross Romano: And you have in front of you, I believe—has this been given to him?

There's an email that has been provided to you. It's an email from your chief of staff, Andrew Teliszewsky, dated April 29, 2017, to the chief of staff to the Premier, Andrew Bevan—

Mr. Glenn Thibeault: Sorry to interrupt. Are you talking about April 29?

Mr. Ross Romano: Yes.

Mr. Glenn Thibeault: I only have February 17 in front of me. I apologize, I didn't mean to cut you off, but I'm trying to save time.

Mr. Ross Romano: Just to confirm: The email you're looking at is dated April 29, 2017, from Andrew Teliszewsky to Andrew Bevan. I'm going to flip to the back side of the page, because that's really the portion.

Mr. Glenn Thibeault: Okay, I'm following along now.

Mr. Ross Romano: As you review it, you'll see that it reads: "To that end, many of the enclosed concepts have been subject to careful (and painful) brokering between the various constituent entities (OFA/OEB/IESO/OPG/OPCD/KPMG/E&Y) as well as the external dealers (as represented by RBC, CIBC and Goldmans). Tory's LLP act for OPG and Osler's rep for the dealers; for good measure."

Now, the key here is: "As a result, the final legislative product"—referring to the Fair Hydro Plan—"is a fine-knit sweater = please do not pull on any threads, as the entire product might yet unravel!"

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This is from your chief of staff to the chief of staff to the Premier when this thing was about to be rolled out. The only thing I can see is, in terms of how it was crafted—it was crafted so delicately that the two chiefs of staff most senior in regard to dealing with this issue felt that it could break at any point in time. Did you hold that similar opinion?

Mr. Glenn Thibeault: MPP Romano, if you would just give me 30 seconds to look at the email, and then I'm happy to respond.

Mr. Ross Romano: Certainly.

The Chair (Mr. Prabmeet Singh Sarkaria): Unfortunately, we're going to have to come back. We're overtime on this question. I'm sorry about that, Mr. Romano. We'll have to come back on the next round of questioning.

Mr. Glenn Thibeault: I still need the 30 seconds to review it, though.

The Chair (Mr. Prabmeet Singh Sarkaria): I'll pass it over to the opposition with Mr. Tabuns. Twenty minutes, thank you.

Mr. Peter Tabuns: Mr. Thibeault, thank you for being here today. I have a number of questions, but before I go to those, while you still have this email in hand—

Mr. Glenn Thibeault: Yes, the April 29 email?

Mr. Peter Tabuns: Yes, apparently it is: April 29, 2017. Again, on the back, in the reference to various constituent entities, as well as external dealers etc., why is it that KPMG and Ernst and Young are listed as an entity with the same status as the IESO, the OEB and the Ontario Financing Authority? They're not entities that the province of Ontario controls. Why are they of consequence in terms of entities that have to be consulted on this?

Mr. Glenn Thibeault: I couldn't answer that, MPP Tabuns. This is an email from my chief of staff. I would only be making an assumption, and I don't think we're looking for assumptions as to what the intent of putting everyone on the same line would be.

Mr. Peter Tabuns: Their role in this—I shouldn't state it. What were the roles of KPMG and Ernst and Young in the process that you interacted with?

Mr. Glenn Thibeault: From the best of my recollection, we used KPMG; Ernst and Young, EY; and even Deloitte as some external advisers when it came to the accounting practices, PSAS and US GAAP, and wanting to ensure that we had that confirmed accordingly.

Mr. Peter Tabuns: Okay. Thank you. It's unfortunate that we can't delve into that further.

When you made your opening statement, you talked about meeting with stakeholders—several meetings—to come up with the structure of the Fair Hydro Plan. Who were the stakeholders that were in the room that you were in?

Mr. Glenn Thibeault: I will do my best to try and rhyme off as many of them as I possibly can. For example, there was one meeting with the Ontario Energy Association, and many of their board members who are, I was going to say “stakeholders,” which doesn't—for example, I believe the CEO of Toronto Hydro was a board member who would sit in on this and would provide advice, to another meeting with poverty groups and energy poverty groups to talk to them about the concerns that they were hearing. We had one full session where it would always be myself, the Premier, senior bureaucrats and senior political staff listening to the concerns that were being brought forward.

We had a session with the executive from Hydro One, who would give us their input on reducing costs. It was good to hear from them because they were typically the entity that dealt with most of the individuals from rural and northern communities.

We met with other groups, MPP Tabuns. I do apologize; I can't recall all of them, but there were several meetings in which we would sit down with these groups and talk to them about, obviously, the problem and what their ideas were on some of these solutions.

Mr. Peter Tabuns: Which is interesting to me because with all of these groups that you've noted, there isn't one of them that I would think would come up with the idea of a regulatory asset being held on the books of OPG as a way of financing all of this. So who came up with the idea of a regulatory asset—

Mr. Glenn Thibeault: So I would agree that the poverty group would not come up with the regulatory asset—

Mr. Peter Tabuns: Or Toronto Hydro.

Mr. Glenn Thibeault: Well, Toronto Hydro is rate-regulated—

Mr. Peter Tabuns: No, I understand that.

Mr. Glenn Thibeault: And so is Fortis and so are many other entities within the province—I know you know the file well, Mr. Tabuns, so I don't need to get into all of those details.

Part of it was listening to all of them and listening to some of their solutions, and then trying to come up with the best solution that would work.

Again, there was no one person who raised their hand and said “I have the epiphany” about refinancing our global adjustment. I think the accumulation of us hearing from the poverty groups saying, “We need to address energy poverty”—that really continued to embolden the fact that we needed to do something and we needed to find a way to come up with some solutions. When we finally got to that point of saying, “Okay, we can actually refinance the global adjustment. We can reduce costs by an additional 17%”—because we already did that with 8%, and I know you know that's how we got the 25%—that was when the Fair Hydro Plan started to be born, I guess, for lack of a better term, and then we started to have to reduce and mitigate a lot of the risks that were presented. I've always been very up front about this. There were risks that people brought forward, and we wouldn't move until we were assured that those risks were being addressed or mitigated.

Mr. Peter Tabuns: I appreciate that. Who came up with the idea of a regulatory asset, an off-book solution?

Mr. Glenn Thibeault: Again, I'll reiterate: There was no one person. I was five months into my portfolio at this time. The complexity of this—as much as I would like to say, “Yes, I was able to figure this all out,” I just didn't have—you have to rely on the people who are around you. We were able to look at solutions that were being presented, and this was one. This was one that was able to, as you go through it—time and time again, it's one that gathers risks. “Okay, can these risks be mitigated? Can the concerns be addressed?” When they were, we would take the next step.

Mr. Peter Tabuns: I appreciate all that, but I want to go back—and part of this is because when this scheme came out, the first thing that struck me was its similarity to Enron's accounting approach. If you ever get a chance, *The Smartest Guys in the Room* by Bethany McLean is an excellent read. It's a cautionary tale. I want to know—because you're talking very generally—who brought up the idea of a regulatory asset, an off-book entity that would allow you to reduce prices without it showing up on the province's deficit number? This is very substantial. This isn't a vague, “We'll do a little tucking here; we'll do a little shearing there”—no. This is an asset that's used in the United States fairly commonly, not something that we encounter very often in Canada. To my knowledge, Toronto Hydro doesn't use it. In fact, because it's not covered by public sector accounting standards in Canada, it's not

something that we do, generally—and I'll get on to the whole question of accounting standards later.

Who suggested this off-book financing structure that posed so many problems for the province?

Mr. Glenn Thibeault: Again, there was no one person who I can point to and say, "This was their idea." I'm not trying to be evasive, Mr. Tabuns, but there was no one person who would say, "The way this is going to unfold"—the way the Fair Hydro Plan came forward, it wasn't just one person. We did rely on having conversations with other stakeholders who were out there to ensure that we could find a way that would work to reduce the rates, which we knew that people needed.

Mr. Peter Tabuns: Was this the only structural response that ever came up, or were there other structural solutions offered? One structural solution might be simply having the province borrow the money without setting up this off-book entity, this special-purpose vehicle, and running it themselves. Was that ever considered as an option, or was it just the regulatory asset? Or did you think of other structures that I haven't outlined?

Mr. Glenn Thibeault: There were many discussions about what would be the best vehicle to use. For us, it was very important—and I know this has been talked about before—to keep the assets and the interest relating to the generation of power on the rate base. We did pull some of the social programs—those were value-based. Those were decisions that we made as a government that were value-based—excuse me; originally, they were on the rate base. We made the decision to pull those off and to put those on the tax base, because those were government decisions. We chose to separate the two.

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I don't believe that there was ever any time in which the words "off the books" was used. This was always a rate-based system, and we were working hard to keep it that way.

Mr. Peter Tabuns: But as you're well aware, the Ontario Electricity Financial Corp. ran the books and the financing, the bond marketing, for the stranded assets. That didn't exist within Ontario Power Generation; it was entirely within the purview of the public service. You could have run the whole thing through the Ontario Electricity Financial Corp. and not had to have passed legislation specifically to change the powers of Ontario Power Generation so that it could run the special-purpose entity. Why didn't you use the Ontario Electricity Financial Corp., which, frankly, ran all of those debts and recovered its costs through the rates?

Mr. Glenn Thibeault: When looking at the complexity of the Fair Hydro Plan and the vehicle that was being created, for us, the entity that would best utilize its skill set to run this was OPG. OPG—

Mr. Peter Tabuns: But—and I apologize for interrupting—

Mr. Glenn Thibeault: No, no. It's okay.

Mr. Peter Tabuns: —what's odd to me is that OPG had to have its legislation changed so that it could run this program. You're saying to me that they were the ones that had the skill set, but if they hadn't legally been able to do

it in the past, one would assume that that wasn't particularly their skill set. At the same time, the Ontario Electricity Financial Corp. was doing this. It was floating bonds. It was paying debts. It was collecting cash. They were entirely capable of doing this, but they would have been reflected in the overall books. Why didn't you use them?

Mr. Glenn Thibeault: That's where I think we would disagree, Mr. Tabuns.

Mr. Peter Tabuns: I think we may, but I'm curious as to your answer.

Mr. Glenn Thibeault: My point to this—and I'd like to answer that—is yes, we utilized OPG, because we have talked about how they look after the \$20 billion on the nuclear decommissioning fund.

But let's also talk about their experience with many of their assets. Just recently, they built the lower Temagami—

Mr. Peter Tabuns: Mattagami.

Mr. Glenn Thibeault: Lower Mattagami—thank you. I know you would probably know that better than I.

A great facility—they were able to go to market and bring in 80 industrial investors to that and get a very low interest rate on financing that capital. We wanted to be able to leverage that expertise, and that's what they have. For us, it was making sure that we found ways to utilize that skill set that they were presenting to us.

I know Mr. Lyash has presented here. We are very fortunate in this province to have someone of his skill set and expertise to help guide us on some of these pieces as well.

Mr. Peter Tabuns: My recollection is that in the Fair Hydro Plan legislation, there was an indemnification—a protection—of all of the senior OPG staff and board, for an organization that you say is doing this all the time. Why did they have to be indemnified? What were the risks that were being placed on their shoulders—that didn't exist before—that you placed with the Fair Hydro Plan?

Mr. Glenn Thibeault: The complexity of the legislation and the duration of the Fair Hydro Plan was one that I knew we had to help them prepare for if there were ever to be a change of government or if something were to happen. During that whole process, I recall the briefings from many of the senior bureaucrats who would explain to me why we would need this and what we needed to help them understand and achieve so that we could move forward on the Fair Hydro Plan.

Mr. Peter Tabuns: What did the bureaucrats say to you would be necessary? Why did the bureaucrats say to you, "We're going to have to give these people legal immunity for the future. We're dealing with a very odd little critter here not normally seen in these parts. You're going to have to have some unusual legal protection for OPG," which borrows tens of millions, hundreds of millions—billions—on a regular basis? Why here?

Mr. Glenn Thibeault: I've got the other squirrel running to try and recall.

The specific briefings with my senior bureaucrats—well, I apologize; I can't recall the specific conversations. In general, what I do recall about these would have been the concerns that were being brought forward about the complexity and the duration, and how are we going to

ensure that when there's a change in government—because governments do change—any risks could be mitigated? I was assured by my bureaucrats that what we were providing was mitigating those risks for OPG.

Mr. Peter Tabuns: And the risk was that a future government would decide that the OPG senior executives were operating in an illegal, immoral or unethical way?

Mr. Glenn Thibeault: No.

Mr. Peter Tabuns: Why would they need liability?

The Chair (Mr. Prabmeet Singh Sarkaria): Five minutes.

Mr. Glenn Thibeault: From my understanding, the indemnity that they were looking for related to financing. I can't recall the specifics of that. If we would like to look those up, I'm happy to wait to see when we can get those. But ultimately, it was providing them with the assurances they needed to move forward with the Fair Hydro Plan.

Mr. Peter Tabuns: Okay. I know my time is short here, and I have another line of questioning I'll go to in a bit.

Can you understand that we found it very disturbing that you were abandoning public sector accounting standards for United States GAAP, generally accepted accounting practices? It's sort of like playing hockey and then taking the rules from football and grafting them on. We wanted to play hockey; we understood hockey. We know those rules, and when you start mixing in other rules because those rules allow you to do things that are not normally allowed in hockey, people get really antsy.

Why did you not stay within public sector accounting rules, which you could have done with the Ontario Electricity Financial Corp.?

Mr. Glenn Thibeault: So here's another dollar for Ms. Fife: I'm not an accountant.

Mr. Peter Tabuns: No, but this is—sorry. This is not an accounting question.

Mr. Glenn Thibeault: No, but I'll get to this.

Mr. Peter Tabuns: It's a political question.

Mr. Glenn Thibeault: I'll get to this. I prefaced that by saying I'm not an accountant because I rely on the people who are the experts in accounting, the experts in accounting like the controller for the province of Ontario, like the experts from third parties, Deloitte, EY. When they tell me that what we are doing is confirmed in PSAS, I believe them. When we are drafting the legislation, when we are moving forward with the Ontario Fair Hydro Plan, we listen to what the accountants have said and what they are saying to us, and then I trust their reputation and their credibility when they say what we are doing is okay, we can continue to move forward.

Mr. Peter Tabuns: I have to tell you, I did have an opportunity to talk to the person who oversaw the development and maintenance of public sector accounting standards in the course of the research we did from our end. You guys were way outside the rule book that you should have been operating with. You'd found a rule book that worked politically for you but didn't work for the system that we have in Ontario that allows a comparison of apples to apples so there can be real accountability.

I can't know what happened in those meetings and those discussions, but your abandonment of the accounting standards by which we judge the operation of this province is truly disturbing and opens the door to the kind of games that, ultimately, did in Enron and could do in this province if we continued to mess with the ability to actually see what's going on, assess it and hold governments to account.

In the time that I have left—

The Chair (Mr. Prabmeet Singh Sarkaria): Ninety seconds.

Mr. Peter Tabuns: Ninety seconds. Well, I'll do what I can.

I just wanted to note, in terms of the openness on this bill and this process, you may well remember that the bill was time-allocated—now something this government is doing all the time. It's really bad news. I think it diminishes democracy and undermines the ability, again, of legislators to hold government to account. But if you were so open, why were you time-allocating this bill?

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Mr. Glenn Thibeault: In terms of the priority of legislation, getting the legislation out—but there was also still committee; there was second and third reading—

Mr. Peter Tabuns: Yes, abbreviated. They were all abbreviated.

Mr. John Vanthof: It was all time-allocated.

Mr. Glenn Thibeault: There was opportunity for us to debate them at that time.

Mr. Peter Tabuns: It was 2017. It wasn't the election year. There was a lot more room at that point. You had a lot of runway ahead of you. There was no necessity to time-allocate when in fact you should have had a full process.

Again, we're seeing it replicated with this government—very dangerous for a parliamentary system where you don't have the debate and public consultation time that's really necessary.

I think it was a fundamental failing in the way that you approached this whole thing.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Tabuns. That concludes the time for the opposition. So 20 minutes, starting with Mr. Baber.

Mr. Roman Baber: Thank you, Mr. Thibeault.

Mr. Glenn Thibeault: I'm listening. I'm just getting more water. I seem to be talking a lot.

Mr. Roman Baber: Sure.

Mr. Glenn Thibeault: Maybe I'll just keep the jug beside me.

Mr. Roman Baber: Mr. Thibeault, your chief of staff, Andrew Teliszewsky, testified before the committee not too long ago. He called the Fair Hydro Plan a signature piece of legislation. Is that fair to say?

Mr. Glenn Thibeault: I'm sorry; I missed part of that. He called it a—what? I'm sorry.

Mr. Roman Baber: Your chief of staff called the Fair Hydro Plan a signature legislation. Is that a fair statement?

Mr. Glenn Thibeault: It was an important piece of legislation, yes.

Mr. Roman Baber: And you would agree with me that before you proceed with a signature piece of legislation, you would want to know what that piece of legislation is going to cost?

Mr. Glenn Thibeault: Yes.

Mr. Roman Baber: Did you know what the Fair Hydro Plan was going to cost before cabinet approved it?

Mr. Glenn Thibeault: We had significant projections as to what the costs were going to be as we moved forward.

Mr. Roman Baber: The Fair Hydro Plan was announced on March 2, 2017. On March 1, 2017, cabinet received a briefing note and subsequently proceeded to approve the plan.

I now put the briefing note before you. If you could please turn to page 9, to the highlighted portion where you're advised by the cabinet secretary: "The potential cost to government associated with providing this type of guarantee"—and that refers to the Fair Hydro Plan guarantee—"and the cost of borrowing from private lenders is unknown at this time." Do you see that?

Mr. Glenn Thibeault: Yes.

Mr. Roman Baber: Mr. Thibeault, contrary to your assertion, with respect, when cabinet approved the Fair Hydro Plan and when it announced the Fair Hydro Plan, it had no idea what it was going to cost.

Mr. Glenn Thibeault: What you're seeing here is one briefing deck of many that were presented and many opportunities that I had to speak to cabinet in which we would talk about the projections. I know I've talked a lot about risks and mitigating those risks. A lot of those risks that we were identifying were costs. We would continue to find ways to remove costs from the system, so—

Mr. Roman Baber: Excuse me, Mr. Thibeault. I apologize for interrupting you. My time is short. The record makes it clear that a day before you proceeded with an announcement—the day on which cabinet approved the Fair Hydro Plan—no one could estimate the cost of the Fair Hydro Plan. That is indisputable, sir.

Mr. Glenn Thibeault: Clarify to me how it's indisputable, because there were many other instances in which there were opportunities to talk about costs. While this iteration might not show costs, there were discussions under way and there were budgets being prepared. We knew as we moved forward what we were looking at, so—

Mr. Roman Baber: You may have done some cost modelling subsequently, but when cabinet made the decision to proceed and when cabinet announced the Fair Hydro Plan, it did not know the costs. How do I know that? I know that on the basis of the briefing note on the day the decision was made. The briefing note on the day before the announcement was made says that the potential cost to government is unknown at this time. All right, Mr. Thibeault, but was it not important at that time to know the total cost before you announced the plan?

Mr. Glenn Thibeault: We had estimates as we continued to move forward. Our plan was to continue to mitigate risks, some of which were cost.

It's important, I think, to emphasize that there is precedent that shows that the system—not necessarily even

governments, but the system—can find ways to pull costs out. So, relying on the experts to continue to do that—I know your government is doing this right now with the IESO, looking at market reform. That is something that started at that point. That's going to take \$5.2 billion out of the system.

I understand what you're trying to get at. I'm not trying to take up all your time, honestly; I'm trying to answer your question. We had projections. We knew where we were moving forward. This is just one piece of many, so I don't think it's fair to base an assumption off of one document when there were many others.

Mr. Roman Baber: It's fair to accept that proposition if we agree on a concept of time. You could say to me that perhaps the Liberal government had engaged in some cost modelling or had a better estimate subsequent to the announcement, but it's clear that at the time of the announcement, it did not know the cost.

I want to ask you, would there be any cost at any time, any estimate or any modelling that would have made this government think twice? "You know what? Maybe we shouldn't be proceeding with GA refinancing." Or it didn't matter what the cost was going to be. You made the decision. The train had left the station. You were going to pass the Fair Hydro Plan as proposed. Would there be any cost that would deter you, is the question.

Mr. Glenn Thibeault: There were many instances where costs were being presented and I asked for some clarification or, "Are there solutions to reducing these?"

Mr. Roman Baber: Specifically here, had you?

Mr. Glenn Thibeault: Can you clarify—

Mr. Roman Baber: When it comes to the Fair Hydro Plan, had you asked for some sort of a remodelling once you learned that the total cost of the plan was going to be \$45 billion?

Mr. Glenn Thibeault: The plan was rehashed several times in terms of finding ways that we could pull costs out of the system. The bureaucrats are fantastic at this, at saying, "Let us go back. Let us look at interest rates. Let's look at some of the firms that we've consulted with and some of the information that they've brought forward."

Mr. Roman Baber: I submit to you, Mr. Thibeault, that it didn't matter what type of cost the bureaucrats had come up with subsequent to the announcement. The issue was so politically sensitive to your government, as you have acknowledged, that it didn't matter what the ultimate cost would have been; you would have proceeded to accrue such costs and to pass them on to Ontarians and future generations. Do you deny that?

Mr. Glenn Thibeault: Well, you're making an assumption as to what we would do, and I can't make that assumption. What I can tell you are the facts, and the facts are that we were able to mitigate these costs. As we continued to mitigate these costs, I felt comfortable, as minister, to be able to move forward, and I felt comfortable presenting this to cabinet and to the Premier's office. If there was something I wasn't comfortable with, MPP Baber, I would have asked for clarification, and things did slow down and things did stop as we got clarification.

Mr. Roman Baber: Did you feel comfortable refinancing \$18 billion worth of hydro discounts at a total cost of \$45 billion? Does that seem fair to you, Mr. Thibeault?

Mr. Glenn Thibeault: Can you clarify where you get those numbers?

Mr. Roman Baber: Yes. So the total discount was \$18 billion, and the total cost of the plan was about \$45 billion. I would suppose that you're familiar with the total cost of the plan. Are you not?

Mr. Glenn Thibeault: Looking at the duration, are you talking 40—

Mr. Roman Baber: Yes, over 30 years.

Mr. Glenn Thibeault: So when you're talking about billions of dollars, that is not a number that you ever take lightly. As minister, when you're sitting in front of a document that has all of those zeros, you have to be concerned and you have to express that concern, which is what we did on numerous occasions.

But we also had to look at the money we invested in the system and making sure that we could distribute that equitably and fairly across the timeline. When you're talking about 30 years, we wanted to ensure that everyone is paying their fair share at the right time. From our opinion, the Fair Hydro Plan did that.

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Mr. Roman Baber: Actually, that's an important point that you bring us to before we talk about the total cost, Mr. Thibeault. Ms. Wynne testified yesterday that GA refinancing was like a mortgage; it was passing the costs of certain equipment onto future generations. But look at another cabinet note and, specifically, before you—

Mr. Glenn Thibeault: Same document?

Mr. Roman Baber: Same document, page 19. According to the cabinet secretary, "Future ratepayers would be paying for these assets that no longer produce power in paying down the deferred GA and accumulated interest costs."

In other words, you were specifically warned that for at least a bulk of these assets, the life of the so-called mortgage exceeds the life of the asset. Do you see that?

Mr. Glenn Thibeault: I see the statement, I just don't see where it says "the bulk of these assets."

Just in terms of answering your question—

Mr. Roman Baber: Well, it says "these assets."

Mr. Glenn Thibeault: So "these assets."

Mr. Roman Baber: It could imply that it's all assets.

Mr. Glenn Thibeault: Or it can relate to just one. That's what I want to try to clarify for you—

Mr. Roman Baber: "These" cannot be just one, Mr. Thibeault.

Mr. Glenn Thibeault: Exactly, it couldn't be one. You're just talking about the ones that may not last 20 years. There are also many assets that are going to last much longer than 20 years, so what you base your decision on is the majority of assets that are going to be in there. You can't predict the future, but what you can do is look at the assets that you have, get the studies and the data from the people who understand this sector and then make your decision based off of that.

Mr. Roman Baber: Mr. Thibeault, I don't want to get into what the definition of "these" is. I'm sure that it's probably not the right forum.

Mr. Glenn Thibeault: Sure.

Mr. Roman Baber: The cabinet secretary says "these assets"—presumably the assets you were financing with the Fair Hydro Plan. I submit to you that this is not like a mortgage. With a mortgage, after you pay off the mortgage you still have a house left. Conversely, here, what the cabinet secretary is telling you is that you won't even own the house or won't have a house but you still keep paying the mortgage. Does that sound right to you, sir? Does that sound like a Fair Hydro Plan to you, sir?

Mr. Glenn Thibeault: What I'm assuming—and I don't want to assume anything onto what anybody is interpreting, but what this statement tells me and from what I understand about the Fair Hydro Plan and about the assets that we were talking about financing over the long term, is that not every single one will actually last the 20 years. Not every single asset is going to last more than 20 years. The majority of these assets will actually be able to go further than the 20 years that they're currently implemented in, so with respect to you and the questions—

Mr. Roman Baber: Again, with respect, you can't read that in the note.

Mr. Glenn Thibeault: But neither can you, sir.

Mr. Roman Baber: No, I can read the words "these assets." But I don't propose to continue arguing with you about this. I'm just saying that you're going to outlive the usefulness of these assets, still keep paying and not have them. When Ms. Wynne yesterday told us that this was like a mortgage—this is nothing like a mortgage because we don't own a house. Instead, what we have is debt.

Now I want to talk about the—

Mr. Glenn Thibeault: But we also have hydroelectric dams. We also have nuclear facilities. These are over 100 years old.

Mr. Roman Baber: No, you have something else.

I want to take you to the cabinet note at page 18. What you have are not assets. What you have is a lowering of costs, temporarily, because it's the politically feasible thing to do.

At page 18: "Borrowing money to defer GA costs for ratepayers would lower costs in the short term but result in substantial debt and higher electricity prices in the future."

What you're doing is you're not paying off any assets; you're subsidizing rates and then you're making up for them in the future. You're subsidizing \$18 billion worth of bills with approximately \$21 billion worth of interest plus the HST relief, sir.

Mr. Glenn Thibeault: So we reduced rates by 25%, with the 8% and then with the 17%. By extending the life of these assets by 30 years, we would then ensure that we are bringing forward an opportunity to reduce rates and at the same time make everyone who is going to use these assets, who benefit from it, actually help pay for it.

The premise that it was four years for the cost of inflation and then rates are going to skyrocket isn't a fair premise, because if you look at the Fair Hydro Plan and if

you look at the long-term energy plan, rates do increase, but they don't increase dramatically.

Again, you're forgetting that there are opportunities to take costs out of the system, which are happening right now.

Mr. Roman Baber: Mr. Thibeault, you're right: It wasn't after four years; it was after 10 years.

But in the minute or two I have left, I want to take you to the total cost of the plan. You're familiar with the FAO; right?

Mr. Glenn Thibeault: Yes.

The Chair (Mr. Prabmeet Singh Sarkaria): Five minutes.

Mr. Roman Baber: The FAO issued a report in spring 2017 in which they said, because the province is borrowing to finance part of the Fair Hydro Plan—namely, the HST component—that as long as the province is not in a balanced budget position, as long as we're running deficits, the costs of the Fair Hydro Plan are only going to go up. Do you understand how that mechanism works, just in terms of the costs rising?

Mr. Glenn Thibeault: In terms of the FAO?

Mr. Roman Baber: Yes. In terms of the suggestion that if you're running a deficit because you're subsidizing part of this, then the cost is increasing beyond the \$45 billion. Do you understand? Because you've got to borrow.

Mr. Glenn Thibeault: Sure.

Mr. Roman Baber: The FAO were sitting where you're sitting right now. They said to us, in keeping with the spring 2017 report—and they have confirmed my testimony or at least did not deny my testimony to the effect that the proposition in the report—that given where the province is at today, the total cost of the Fair Hydro Plan is going to end up being somewhere between \$70 billion and \$90 billion. That is not an unfair proposition anymore, sir.

Mr. Glenn Thibeault: Is there a question?

Mr. Roman Baber: Yes. The question is, had you known, perhaps, at the time—had you bothered to allow for the cost estimate before you announced and had you anticipated that the cost would skyrocket to \$70 billion to \$90 billion, would you have still proceeded with the Fair Hydro Plan?

Mr. Glenn Thibeault: Do you have a copy of that document that I would be able to see, so that I could refer to that?

Mr. Roman Baber: Yes. It's the spring of 2017; absolutely. Are you saying that you haven't read the FAO report on the Fair Hydro Plan?

Mr. Glenn Thibeault: You're asking me to recall something from 2017, which is the FAO report.

Mr. Roman Baber: This is your signature piece of legislation, but I'll put it before you.

Mr. Glenn Thibeault: If you're putting the legislation—I'm asking in relation to the FAO, because I'm not understanding your question. There was a preamble that—*Interjection.*

Mr. Glenn Thibeault: Thank you. So if you want to clarify that—

Mr. Roman Baber: Do you understand that the FAO is saying that the cost of the plan is now estimated to be at \$70 billion to \$90 billion over the span of the next 30 years? Do you understand that, Mr. Thibeault?

Mr. Glenn Thibeault: What I'm asking you, sir, is where you're getting the number from. I'm asking for a clarification so I could look at that, and then I can answer your question. The preamble wasn't necessarily something that I understood, and so I'm asking for clarification.

Mr. Roman Baber: It's page 3 of the report that you're looking at.

Mr. Glenn Thibeault: So it's page 3 of the Financial Accountability Officer's report?

Mr. Roman Baber: It's the conclusion on page 9. Mr. Thibeault, have you seen this report before?

Mr. Glenn Thibeault: Quite a while ago, yes.

Mr. Roman Baber: Okay. It's page 9, paragraph 3. The costs "could increase"—in the last line—"bringing the total provincial cost of the" Fair Hydro Plan "to between \$69 and \$93 billion."

Do you see that?

Mr. Glenn Thibeault: "The projected cost of the" Fair Hydro Plan "to the province of \$45 billion over 29 years," page 9. "If the province funds the" Fair Hydro Plan "through borrowing, it could increase costs by \$24 to \$48 billion, bringing the total provincial cost of the" Fair Hydro Plan "to between \$69 and \$93...." Is that the paragraph that you were referring to?

Mr. Roman Baber: Yes, sir.

Mr. Glenn Thibeault: Okay. Thank you.

Mr. Roman Baber: The proposition from the FAO is, since we're continuing to run deficits, and we're continuing to fund the Fair Hydro Plan, then the costs, as estimated at this moment, are anywhere between \$70 billion to \$90 billion throughout the entire life of the plan. Do you see that?

Mr. Glenn Thibeault: Yes, I do. I'm just reading it. From my quick glance at this, from my understanding, we're talking about the interest component that's in here as well.

Mr. Roman Baber: We're talking about all components.

Mr. Glenn Thibeault: When we're talking about the interest component, which brings a large portion to the \$69 billion to \$93 billion, those numbers are coming down, right? Right in the very first sentence of that third paragraph, it says the "projected cost" and these were projected costs by the FAO.

We know that when the senior bureaucrats in the Ministry of Energy brought forward their new interest rates, we saw that cost of \$28 billion over the 30 years drop down to below \$20 billion. That is still a significant number—I'm not trying to minimize that—but what I've emphasized before and what I'll continue to emphasize is that when you're looking at the 30-year system, there are ways to take costs out. So let's not prejudge the opportunities of finding other ways to remove the costs out of the system. That will actually help lower the costs overall.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you. Unfortunately, that concludes the time for questioning in this round. Back over to the opposition with Mr. Tabuns for 20 minutes. Just as a note: two 20-minute sessions of two 10 minutes.

Mr. Glenn Thibeault: Excuse me, Chair. Before we start, could we take at least a three- to five-minute recess?

The Chair (Mr. Prabmeet Singh Sarkaria): If the committee is agreeable, we can take a five-minute recess. The committee will resume at 4:37.

The committee recessed from 1632 to 1638.

The Chair (Mr. Prabmeet Singh Sarkaria): The committee is now back in session. We will start with 20 minutes from the opposition, starting with Mr. Tabuns.

Mr. Peter Tabuns: Just for clarification, Mr. Thibeault, do you have this document?

Mr. Glenn Thibeault: Yes.

Mr. Peter Tabuns: Okay, good. I'm not going to use it this second, but I am going to go there.

Mr. Glenn Thibeault: Sure.

Mr. Peter Tabuns: Who first proposed that Ontario Power Generation play a role in the refinancing scheme?

Mr. Glenn Thibeault: I think when we were looking at which entity had, as I said before, the skill set to do it, OPG's name came up in several instances. That was when we would have had a dialogue with OPG, to see if this is something that they could move forward on.

Mr. Peter Tabuns: What was the role of OPG's CEO Jeff Lyash in all of this, given that he was familiar with regulatory assets?

Mr. Glenn Thibeault: I've mentioned before that we are very lucky to have someone like Jeff work for us in Ontario. I'm not saying that for any other reason than he was someone whom I relied on, as minister, because he had so much experience. His role was always looking out for OPG. If I was to look at one of the things that his mandate always had, MPP Tabuns, it was to ensure that he always kept the best interests of OPG in mind. That was something he was always very, very upfront about. His role, I also would say, would be as an adviser. I took his advice to heart.

Mr. Peter Tabuns: Did he advise this idea of a regulatory asset as the special-purpose vehicle to carry this debt?

Mr. Glenn Thibeault: No, but what he did do was say that we aren't the only jurisdiction in North American to ever do this, and then he talked about his experience and would share his knowledge.

Mr. Peter Tabuns: Did he have any warnings about risks with using regulatory assets?

Mr. Glenn Thibeault: I think in terms of the conversations that we would have, he would present risk. I don't ever recall him saying, "Don't ever do this," but I do recall him saying, "Watch for" whatever that was. I can't recall the conversation, but there would be conversations like that.

Mr. Peter Tabuns: So there were no risks that he identified that come to your mind right now. Is that correct?

Mr. Glenn Thibeault: None that I can recall and present to the committee.

Mr. Peter Tabuns: I'm going to go back to this issue that is really vexing. The Ontario Electricity Financial Corp. or the Ontario Financing Authority could have raised the financing, and they could have raised it at a much lower rate. The Financial Accountability Officer, when he looked at all this and gave his report, said that it would cost Ontario

an extra \$4 billion to use the structure that was embodied in the Fair Hydro Plan, rather than borrowing directly.

Why didn't you act to prevent a further cost of \$4 billion?

Mr. Glenn Thibeault: When looking at the costs that were there, governments make the decision to use what they think are the best mechanisms and the best levers possible for the legislation that they are presenting. If we were to look at the logic of always using the lowest-cost borrower, we should all be talking to the federal government about them borrowing the money for us.

I understand your question, but there are other mechanisms, there are other tools that governments use that aren't always necessarily the lowest cost, but are the most effective. I believe, in this instance, the most effective way to bring forward the financial vehicle for the Fair Hydro Plan was through OPG.

Mr. Peter Tabuns: I have great difficulty with this, because setting aside the borrowing powers of the federal government, your cabinet understood that it was going to cost more to do this. In the document, that was proposed—page 3, second paragraph, first line: "In order to avoid the cost"—

Mr. Glenn Thibeault: The cabinet briefing? Sorry to interrupt.

Mr. Peter Tabuns: Yes, the cabinet briefing. The cabinet briefing note, "Electricity Price Mitigation."

On page 3, we have a note here: "In order to avoid the cost of GA refinancing"—global adjustment refinancing—"impacting the province's fiscal plan, the proposed mechanism to partially defer the GA costs must meet legal, accounting and financing requirements."

You could have borrowed. You put us on the hook for an extra \$4 billion so that the books would look good, so it wouldn't disturb the look of the fiscal plan. But how could you justify that? Because \$4 billion is a lot of money.

Mr. Glenn Thibeault: Yes, \$4 billion is a lot of money, and I never took that lightly. I'm not going to say that I just brushed that off. What we did do is really look at ways of how we could reduce, for example, that \$4 billion. But we also had to look at which entity, and we believed OPG was that best entity to manage the financial vehicle for the Fair Hydro Plan.

Mr. Peter Tabuns: Again, page 6 of that document, the top paragraph, says, "However, it is likely that external borrowing by the OPG Trust would be at a higher interest cost than provincial borrowing costs which would affect the carrying costs that would need to be recovered from ratepayers in the future."

We've been dealing with the high cost of hydro for a number of years. Everyone is committed to making sure that it's affordable and sustainable. When you add an extra unnecessary \$4 billion to the mix, how is that not a betrayal of ratepayers? If you had used the Ontario Electricity Financial Corp., a structure already in existence that recovered its money to pay off debts through rates, which would have allowed you to recover the money through rates, not through the tax base—and you would have had cheaper financing.

Was there any discussion in cabinet saying, “Whoa. Wait a minute. It’s going to cost a lot more money to use this complex special-purpose vehicle. Why don’t we use the existing vehicles, the existing institutions and borrow at a lower rate?” Was that not a major point of debate?

Mr. Glenn Thibeault: Looking at finding ways for cost savings was always paramount for cabinet, for the Premier’s office and for myself. The financial vehicle that we were using through OPG did provide the best mechanisms.

I know you and I don’t see eye to eye on that, so to speak, but what we were able to bring forward was a solution that kept the regulatory assets on the rate base. By doing it this way, we were able to ensure that we kept the interest and that we kept the assets that were in our generating system—we were able to keep that on the rate base where it should be paid for.

Mr. Peter Tabuns: But you could do that with the Ontario Electricity Financial Corp. The money for the stranded debt was collected off the rates. It wasn’t collected out of our taxes. You already had a mechanism that was functional, that had been used. When Mike Harris passed on the nuclear debt to Ontario so he could privatize the nuclear power plants, he put it in the OEFC. We got to pay off that stranded debt for power plants that were uneconomical through that mechanism.

You already had a mechanism for dealing with super-high costs, which would have saved you a projected \$4 billion, but you took a very expensive route, a very risky route for our economy and for ratepayers. Are you saying to me no one in cabinet said, “Hey, wait a minute. What about a cheaper option?” Is that true? No one in cabinet said, “Why don’t we see if we can do this at a lower cost?”

Mr. Glenn Thibeault: We always looked at what were the lowest costs available to us through the Fair Hydro Plan, but at the same time making sure that the mechanisms we had in place could meet the needs of what we were trying to accomplish. The accomplishment, the goal was to reduce rates. We were able to do this through the financial vehicle that we were able to create with OPG.

OPG had that skill set in which they have managed in the past the nuclear decommissioning fund, the investors which they use for drawing in bonds to help build those assets—and so that was very, very similar to what we were doing with the Fair Hydro Plan. We then devised this system to ensure that we could meet those needs by reducing rates and, at the same time, keeping those regulatory assets on the ratepayers.

Mr. Peter Tabuns: You’ve just said something very important to me, in that nobody in cabinet said, “Hey, this is expensive. There’s a cheaper way to do it. Why don’t we do the cheaper way?” Not a single voice was raised in cabinet to go down a cheaper route?

I disagree with the whole project. You know that.

Mr. Glenn Thibeault: Yes, I do.

Mr. Peter Tabuns: But I particularly disagree with a project that added \$4 billion in costs to hydro so that something wouldn’t show up on the books. And you’re saying not a single voice was raised in cabinet when it was

pointed out in this document that this was a very pricey road to go down.

Mr. Glenn Thibeault: As I mentioned before, we always talked about lowest-cost options in cabinet. When we would talk about options, we would talk about, what are the lowest costs? But we also had to talk about what were the best vehicles to do this the way it needed to unfold. That’s why I keep emphasizing that the OPG was the mechanism to do this. But, you know—

Mr. Peter Tabuns: I’m sure—I apologize; I do need to interrupt. I have no doubt that you would have carried that position at cabinet.

Mr. Glenn Thibeault: Yes.

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Mr. Peter Tabuns: Your team had pulled this together. I’m assuming you presented this.

Mr. Glenn Thibeault: Yes, several, several times.

Mr. Peter Tabuns: So my assumptions are good. I’m glad of that.

There wasn’t a single other member of cabinet in the room who said, “Hey, Glenn, slow down a minute. This is a very expensive road to go down. Okay, we’re going to borrow money to reduce hydro bills but we’re not going to use the route that gives us the best cost?” No one said that to you, seriously? From what you’re saying to me—we’ve been doing this stuff for a while.

Mr. Glenn Thibeault: For a long time.

Mr. Peter Tabuns: We know a non-denial denial when we encounter one or use one. I’m getting a non-denial denial. There was nobody who said, “Hey, wait a minute. This is going to be pretty pricey. Why aren’t you using the lower cost?” I’m assuming your answer to me is no one objected at all, no one noticed what was actually in this document.

Mr. Glenn Thibeault: What I have said is there would be questions in relation to costs.

Mr. Peter Tabuns: Oh, I have no doubt.

Mr. Glenn Thibeault: But we would also have to say, as I’m saying to you now, yes, cost was a factor, but the right mechanism, the right vehicle was also a factor. Those were discussions that we would bring forward. When someone from cabinet would raise up their hand, like you’re asking, and say, “Where are we going on costs?” we would then talk about how we’re bringing forward plans to mitigate some of the other costs. You’ve heard me say those before so I don’t need to say them again, but there are ways that we could do that, and those were the things we would mention to cabinet to help mitigate some of that anxiety, if that’s the word.

Mr. Peter Tabuns: But the only thing I can see in here as to why you would go down this road as opposed to another road is to avoid impacting the province’s fiscal plan; in other words, impacting what the books would look like. I don’t see any other reason to use this mechanism as opposed to using the OEFC. I’ve heard no credible case from you as to why the Ontario Electricity Financial Corp., purpose-built to handle hydro debt, wasn’t used. It would have been a lot cheaper—four billion bucks’ worth.

The cabinet understood that this would be more expensive than direct borrowing. No one objected to it. Everyone understood it was being done to make the books look good and everyone knew there was going to be an extra cost. When the Financial Accountability Officer came forward with his report, the \$4-billion number was there, which has been cited and which you agreed was correct.

In this document, page 18, “Future Impacts to Electricity Rates,” there’s a line that begins the last paragraph—

Mr. Glenn Thibeault: I only have 15 pages. Are we on this document?

Mr. Peter Tabuns: No, sorry.

Mr. Glenn Thibeault: Oh, I’m sorry. I heard you say “FAO.”

Mr. Peter Tabuns: Yes, I had mentioned the FAO in passing. My apologies. I’m back to the cabinet briefing.

The Chair (Mr. Prabmeet Singh Sarkaria): Five minutes.

Mr. Peter Tabuns: Sorry about that.

Mr. Glenn Thibeault: That’s okay.

Mr. Peter Tabuns: Five minutes? Oh, come on, Chair.

Ms. Catherine Fife: He’s having so much fun.

Mr. Peter Tabuns: You could be very generous. You’ve got a little flexibility. I’ve sat in that seat; you know, a few minutes here or there.

Just on page 18 of the cabinet briefing, “Future Impacts to Electricity Rates: Borrowing money to defer GA costs for ratepayers would lower costs in the short term but result in substantial debt and higher electricity prices in the future.”

Was there no concern, given all the other cost pressures going upward on electricity prices, that this was actually going to result in higher costs in the future?

Mr. Glenn Thibeault: We spoke about that many times and I would be asked to clarify what we meant by that and what we mean by that. We never shied away—I think it’s on public record that both myself and the Premier said often that the Fair Hydro Plan will cost more, it will take longer to pay off, but it is fairer in the long run because we do believe the 30-year smoothing allows for the sharing of these assets for those who will use them.

We also have precedent in which costs were taken out of the system. Every year, our projection for the long-term energy plan would show that costs would be at one amount—what we projected—but they would be lower. When it comes to the FAO, when the FAO used the \$4-billion mark, that was initially based off of figures that were provided to the FAO by the Ministry of Energy bureaucrats. Those bureaucrats then went back, looked at the costs of energy, and were able to reduce that so that the costs would come down. We also saw that the financing, when they actually went to the market—when OPG went to the market, they did get a lower interest rate, and so those costs would be even further reduced.

We moved forward knowing that there were concerns, but we had plans. There were precedents to show that we would be able to find ways to take costs out of the system.

Mr. Peter Tabuns: Ms. Wynne took a similar perspective yesterday, saying that it wasn’t going to be \$4 billion; it might have been half—

Mr. Glenn Thibeault: It’s still a big “b.”

Mr. Peter Tabuns: Two billion dollars is still a lot of money.

Mr. Glenn Thibeault: Yes.

Mr. Peter Tabuns: I think I’m just completely taken aback that it was so clear and obvious to the cabinet what was being done with public money and why it was being done, and even though we would be making those arguments in question period and in scrums—clearly if we had had access to the cabinet documents, we wouldn’t have had to make the points; we would have just pointed to the sentences.

What did you see as the big risks in all this? Did you see escalating interest rates as a big risk, and what did you think about in terms of mitigation? Did you think about potential loss of market share, given massive and rapid technological change? If, in fact, demand in Ontario dropped by 10%, 15%, 20%, that would cause some real disruption to this whole system. What risks were you projecting?

Mr. Glenn Thibeault: I think you mentioned one of them, which was the financial risk. I always saw that as something that we really needed to find solutions to and mitigate.

But a bigger risk was for us to do nothing. When I say that, please don’t jump to the political side of it, because that’s not where I’m going on that. Energy poverty was always a concern for me. Before I took over as a minister—I’ve seen it, right? I live in northern Ontario and I’ve seen it.

Mr. Peter Tabuns: I see it in my riding.

Mr. Glenn Thibeault: Yes. So making sure that we had a mechanism that I do believe is fair—and I understand the questions, and I hope I’m giving you tidbits of information that help make it clear for you, but we truly, really were trying to find a way to reduce rates. I recognize that it is a complex piece of legislation.

Mr. Peter Tabuns: Mr. Thibeault, I understand the argument you’re making and I understand the logic of it. But going forward, you were saying, “Okay, we’ve got a risk of not dealing with the prices now”—set aside the politics. But you put in place a mechanism. You get in your car, and you’re going to drive to Montreal. You may need to go there. If you stayed at home, you might not get a job. You need to go there. But there are risks you are going to face going to Montreal along the 401.

You were looking at interest rate risks. How were you thinking of mitigating them? Were you thinking of what the market would be for electricity in 10 or 15 years, while this program was still going on? What were the risks that were in mind and how were you proposing to mitigate them?

The Chair (Mr. Prabmeet Singh Sarkaria): Sorry. Unfortunately, I’m going to have to cut you off there, Mr. Tabuns.

Mr. Peter Tabuns: You’ll never know.

Mr. Glenn Thibeault: I’m sure we have more time for you afterwards.

The Chair (Mr. Prabmeet Singh Sarkaria): We have another 10 minutes remaining on the opposition side.

We’ll go for the final 20 minutes, starting with Ms. Park.

Ms. Lindsey Park: Thank you, Mr. Thibeault, for joining us today. I'm going to pick up on where my colleague MPP Tabuns left off. Your chief of staff, I'm sure you know, came before this committee, and he said, "Premier Wynne took ownership of this file," and he was referring to the Fair Hydro Plan. Would you agree with that statement?

Mr. Glenn Thibeault: I can't speak for Andrew, but I think the Premier took ownership of this file with her apology in November. If that's what you're referring to, I think she took ownership, rightly or wrongly, for things and decisions that were made before she was Premier and said, "We can do better," and I think then tasked us to find ways to do that.

1700

Ms. Lindsey Park: From your perspective, was the Premier's office calling the shots with the design and the implementation of the Fair Hydro Plan?

Mr. Glenn Thibeault: No. They weren't calling the shots on the design. The Premier's office calls the shots, technically, on making sure that we're looking for a solution. So it became very evident to both Andrew and I, who were sitting in the audience when she made that declaration, that we were going to need to sharpen our pencils or whatever analogy you want to put into that.

Ms. Lindsey Park: Would you say your office, then, was calling the shots with the design and implementation?

Mr. Glenn Thibeault: I don't know, again, if anyone was calling the shots. We had to take the lead, so we were moving forward on starting to put phone calls out to stakeholders and talking to other stakeholders to line up those meetings, suggesting to the Premier's office that we should meet with group X, so if that was the Ontario Energy Association or other groups or even the Ontario Energy Board—we would meet with them, and we would help steer those discussions—sorry, not steer the discussions but steer to get to those discussions.

Ms. Lindsey Park: So you were taking lots of different input. Again, we've heard lots of evidence that this was a complicated plan. It results in a March 1 presentation to cabinet. Do you recall that?

Mr. Glenn Thibeault: So from the document—yes, we presented to cabinet before March 1. There were many presentations to cabinet. The March 1 presentation, I can't recall off the top of my head. We had many cabinet meetings and many presentations in which I was talking about the Fair Hydro Plan.

Ms. Lindsey Park: Okay. An estimate: How many cabinet meetings are we talking here?

Mr. Glenn Thibeault: I don't think I could give you a fair assessment. I probably presented 10 to 20 times, if that would be something—I don't want to take the time to count in my head or look at the schedule but I think that's—

Ms. Lindsey Park: That's okay. I'll accept your best estimate.

Mr. Glenn Thibeault: Thank you. Because I don't want to all of a sudden go, "It was 21."

Ms. Lindsey Park: That's helpful. And I think that's consistent with what your chief of staff said. He testified: "We were working collaboratively as part of a team to

implement the decisions of the executive council at that time, first supporting the decision-making process and then subsequently implementing the decisions taken at cabinet." So these 10 to 20 times you go to cabinet, whatever is decided is brought back to your office and your team is implementing until the next step.

Who would you say was the driving force behind the Fair Hydro Plan at the cabinet table?

Mr. Glenn Thibeault: I presented to cabinet, so I would present the document and then everyone would have a discussion. It wasn't just where I would go in and say, "Okay, here's what we're doing." It was, "Here's where we're at in this," because it was an iterative process that we talked about often.

I would present. We would have a discussion. Every cabinet minister would provide their input—I shouldn't generalize. Many would provide; not "every," but many would provide their input. Good suggestions were taken back. I would then provide that to the deputy if he wasn't there, but most of the time, the deputy was sitting right beside me in cabinet. We would make notes and then go back and say, "Okay, this is a good idea. We should look at that," or, "This is a risk we need to consider." However, whatever unfolded, we would go back to the ministry after that.

Ms. Lindsey Park: Again, I'm just quoting from Mr. Teliszewsky to make it simple. He was your adviser.

Mr. Glenn Thibeault: I appreciate that.

Ms. Lindsey Park: He said, "Cabinet, as a collective, undertakes the policy decision, and"—he said it this way—"the results are a matter of public record." Right? He separated himself from the cabinet decisions, and rightly so.

Mr. Glenn Thibeault: Yes.

Ms. Lindsey Park: When you were making these presentations, was there any resistance from your cabinet colleagues in implementing this Fair Hydro Plan?

Mr. Glenn Thibeault: I think the same concerns that I would broach as the minister when I would get a briefing from the bureaucrats would be the same type of—I don't want to use the word "resistance;" right? It was more concerns. "Why are we doing it this way? Can we look at this option?" So we would take that back through the whole process from the beginning to when we really started to get to the nuts and bolts of where we were with the creation of the Fair Hydro Plan.

Ms. Lindsey Park: So I think your words were—and I'll accept your words—that it was a concern. Concerns were being raised.

Mr. Glenn Thibeault: Yes.

Ms. Lindsey Park: So you said that things were said like, "Why are we doing this? Why are we doing it this way?" Who said that?

Mr. Glenn Thibeault: I was generalizing on comments that I would hear from cabinet. I can't say a specific—it was more of what you're doing around this table: asking questions to try to get information. Cabinet, doing its due diligence, would do the same thing.

Ms. Lindsey Park: So who would you say raised concerns?

Mr. Glenn Thibeault: All. None. I'm not trying to be vague. That came out very vague, and I apologize. That's not what I was trying to—I can't specifically say it was Minister Smith or—we didn't have a Minister Smith; you do, so please tell Todd that I didn't mean to imply that he was hanging out with us.

Sorry; I can't be specific. There was just general concern, like there would be in any cabinet meeting where you're talking about a very complex piece of legislation. As many briefings as we would provide—and we would provide one-on-one briefings; we did that for cabinet ministers, we did that for members of the opposition—to ensure that we gave them as much information moving forward. Those were just questions in general that were happening through cabinet.

Ms. Lindsey Park: And so specifically talking about this cost, I know you've said you haven't reviewed the testimony of the former Premier yesterday, but she sort of said, "Look, we knew we were passing these huge costs on to our grandchildren. We chose to do that." Did anyone in your cabinet have concerns with that?

Mr. Glenn Thibeault: I had concerns with that initially. I can't speak for other cabinet ministers, but initially I would ask those questions as to, "Is this the right way to go?" As I've said before, getting the answers to those concerns was paramount for me to be able to move to the next step. So if there was a concern brought forward by any of my colleagues, we would listen to that and say, "Okay, this is how we can address that," because it was—and I know I've said this before: It was complex. So we had to take—

Ms. Lindsey Park: So maybe let's talk about—you're kind of using very broad generalizations, which doesn't—and my apologies, I'm not trying to be rude, but we're trying to talk specifics here.

Mr. Glenn Thibeault: No, no. Once upon a time, I sat on that side. So I get it.

Ms. Lindsey Park: So, specifically, talking about this cost being passed on to the next generation and particularly the cost of borrowing the specific way you did that had billions of additional interest costs: Were concerns raised about that?

Mr. Glenn Thibeault: As I said, I can talk about myself. I raised those concerns because I wanted to ensure that this was the right way to go. So, when I would talk to senior bureaucrats, when I would talk to stakeholders, they would explain and help me understand how we could mitigate the risks. When we were talking about extending this over 30 years, we are putting some of that debt onto future generations. I get that; I understand that. But what really helped me through that was the talk where we said, "These assets will actually last longer than the 20 years that we're currently trying to finance them under. Will all of them be that way?" I know we've had that conversation before. "Not all of them, but some of them are going to last longer." So the experts that I trusted would say to me, "You know what, Glenn? This will last longer. We can do this. Other jurisdictions have done it." So I felt comfortable, moving forward, that this was the right way to go.

Ms. Lindsey Park: Even though it was going to cost billions more in interest than if you borrowed on-book?

Mr. Glenn Thibeault: Again, when we would talk about the billions, that was never taken lightly. I wanted to ensure that there are opportunities for us to reduce those costs. And I know that MPP Tabuns talked about, "Well, it's still with a 'b,'" but we can find ways to actually pull those costs out.

1710

I don't want to underestimate the skill set that's in the sector. Right now the IESO is continuing—

Ms. Lindsey Park: I think we're getting a little off-topic—

Mr. Glenn Thibeault: But it's \$5.2 billion—

Ms. Lindsey Park: My question is about what happened at the cabinet table. I appreciate that you take a lot of interest in this; you were the minister—

Mr. Glenn Thibeault: Former politician; I want to talk a lot.

Ms. Lindsey Park: I understand that. You say your concerns were alleviated by lots of different discussions you were having with your bureaucrats. I can say that, sitting on this committee for the last many months, my concerns have not been alleviated. Who else raised concerns at the cabinet table? Who else's concerns did you have to, as you put it, "alleviate"?

Mr. Glenn Thibeault: I would say cabinet, in general, always has—

Ms. Lindsey Park: Every single person in cabinet had concerns with your approach?

Mr. Glenn Thibeault: Part of what I was going to say was that cabinet has its due diligence that it needs to do to make sure that the policy that we're bringing forward is well executed and well thought out. So those questions when we would see something relating to, as you mentioned, costs, would be, "Okay, if there's X amount of costs here or X amount of dollars, how are we addressing this? What are the concerns? What are the avenues that we have to mitigate this?" So we would explain our processes. I've said those many times here, so I don't need to reiterate those.

Ms. Lindsey Park: Yes, and you don't need to reiterate it. We haven't got any specifics about how this is going to be mitigated. You can say you talked about mitigating it, but nothing has been presented here about how that's actually going to be done. What I'm hearing from you is that, at the end of the day, cabinet agreed to this plan, and not one Ontario Liberal cabinet minister said, "No, we should not proceed with this borrowing plan that sees taxpayers paying billions more in interest." You know what? I guess I shouldn't be surprised.

Mr. Glenn Thibeault: Was there a question there or were you looking for a response?

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano.

Mr. Glenn Thibeault: I guess not.

Mr. Ross Romano: I guess we'll just move on. You referred to this as a very complex plan; I'll say extremely complex. We've heard from countless witnesses suggesting the same.

Now, that document I gave you, if you remember, some time ago, was the email that talked about the unravelling of this plan.

Mr. Glenn Thibeault: Seems like a few days ago. Which one was it, if you don't mind reminding me?

Mr. Ross Romano: You read the email, so I'm going to—

Mr. Glenn Thibeault: I haven't had a chance to read it.

Mr. Ross Romano: You can review it in detail, but I would just ask you to just look at the back page and just read the last sentence.

Mr. Glenn Thibeault: The "fine knit sweater"?

Mr. Ross Romano: Yes. You get the point, and you probably remember something along those lines.

We've reviewed a lot of documents throughout this committee, a lot of emails. By the time we got near the end, when this thing was about to be voted on, there was some talk within emails—I'm not going to cite any specific one; we're pressed for time—of things like water in the wine and that no one's going to get a win on this thing. Nobody was really happy with the Fair Hydro Plan, and by the time that email was written, this whole idea that it's a "fine knit sweater" and don't pull on anything or it's going to unravel—it was a precarious piece of legislation. Would you not agree with me that that's a fair assessment?

Mr. Glenn Thibeault: I use "complex" because "precarious" is a different term.

Mr. Ross Romano: Sure. Let's stick with "complex." What that tells me though—I use the word "precarious" because that's says it was susceptible to failure in an instant. A lot of what we've reviewed here, and what we've seen, talks about how the pens were down, there was no more discussion and this thing had to get through. To Mr. Tabuns's point from earlier: What was the rush? It was time-allocated.

I'm going to remind you that the day this thing passed was June 1. I happen to remember that day because, you might recall, that was the Sault Ste. Marie by-election, the day I got elected. Not only was it the by-election date, it was also the last day of sittings, and you guys sat late that day to pass this legislation. Isn't that accurate?

Mr. Glenn Thibeault: From my recollection, yes—not about the by-election but about the—

Mr. Ross Romano: And that's record, so we will move on. But that email that I'm referring to, this "finely knit sweater"—this thing was susceptible to failure at any point in time if anybody pulled on the littlest thread. Do you share that sentiment? Having been through it all along, as with your own chief of staff and the chief of staff to the Premier, do you share the sentiment that this thing was precarious? Let's put it that way.

Mr. Glenn Thibeault: From the looks of this, it's more of a briefing deck they're talking about—

Mr. Ross Romano: Yes, but the point: Did you share that sentiment that this thing could waver or fall at any point; it was precarious in nature?

The Chair (Mr. Prabmeet Singh Sarkaria): Just under four minutes.

Mr. Glenn Thibeault: By April, the complexity of the plan was still there, but—I don't want to assume what's in an email without actually—

Mr. Ross Romano: No, no, but I'm asking you a personal opinion. That's the opinion of the others. What's yours?

Mr. Glenn Thibeault: Without having to look at the email, MPP Romano—oh, parliamentary assistant. My apologies. But either way—

Mr. Ross Romano: Just call me Ross.

Mr. Glenn Thibeault: Yes, Ross is fine too, right? Go Wolves. I got that in.

Anyway, the complexity to me wasn't that it was pulling a thread and that it would fall apart. The work that was done by so many of these organizations that were in here—our plan was actually well thought out and could be implemented, and still continue to address the concerns that were brought forward by people.

Mr. Ross Romano: Okay. So you don't feel that, and that's fine. I'm going to move on right now.

Mr. Glenn Thibeault: Okay.

Mr. Ross Romano: You talked about not being an accountant. What you're telling is, you're not an expert in accounting, right?

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Okay. You would agree the Auditor General is an expert in accounting?

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: And the over 100 staff she has are better experts in accounting than probably you or I.

Mr. Glenn Thibeault: You got it.

Mr. Ross Romano: Okay. The FAO is an expert?

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Their staff are experts, better than you or I.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Okay. OPG, Ken Hartwick: He's an expert, better than you or I.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Okay. IESO's got their experts, better than you or I.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Okay. OFA: More expertise than you or I.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: All right. The four bureaucrats we heard from—you know who the four were—they were probably more expert in accounting and energy than you or I, right?

Mr. Glenn Thibeault: No, no. I can't name off all four, but I'm assuming so.

Mr. Ross Romano: Well, we had Serge Imbrogno; we had Orsini; we had Hughes; and we had also the deputy minister to Sousa.

Mr. Glenn Thibeault: Yes. I can't assume what their knowledge is, but that was one—okay.

Mr. Ross Romano: Let's just stick with your DM, then—

Mr. Glenn Thibeault: Sure.

Mr. Ross Romano: —who said that this was a bad idea.

I just want to know: All of those people are experts. Why didn't you accept their advice?

Mr. Glenn Thibeault: The one expert that you didn't include was our provincial controller, whom we also rely on for advice, as minister and ministry. We also had the accountants from energy come forward.

Now, Serge I have loads of respect for. His role, and the role of bureaucrats, is to provide advice, to say, "This is a risk. Be very, very cautious moving forward." I respect that, but it's up to the government to make the decisions based off the advice that we're getting.

Mr. Ross Romano: But you did not accept the expert advice that you were given. Instead, you retained KPMG to provide you expert advice, correct?

Mr. Glenn Thibeault: In relation to—

Mr. Ross Romano: The Fair Hydro Plan, the construction of the Fair Hydro Plan.

Mr. Glenn Thibeault: We relied on the advice from the provincial controller. We relied on—

Mr. Ross Romano: Did you not retain an outside expert, KPMG, at a cost of \$2 million to the taxpayers?

Mr. Glenn Thibeault: There were consultants that were brought in for the Fair Hydro Plan.

Mr. Ross Romano: So that's a yes. That's a yes.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: You hired KPMG at a cost of \$2 million.

You would agree, though, that the Auditor General and the FAO are already paid for by the taxpayers of Ontario and they are independent officers and experts. But you went and hired, to the tune of \$2 million, outside experts.

The Chair (Mr. Prabmeet Singh Sarkaria): Sorry. I'm going to—

Mr. Glenn Thibeault: Let's be clear—

The Chair (Mr. Prabmeet Singh Sarkaria): Unfortunately, I won't be able to let you answer that question. We're out of time. But we do have another 10-minute session for the government.

For the final 10 minutes from the opposition, I'll pass it over to Mr. Vanthof. Thank you.

Mr. John Vanthof: Just before I begin my questioning, considering that the government said—and I appreciate that information—that the former government hired KPMG at a cost of \$2 million, it surprises me that the government didn't call them to be a witness.

Mr. Ross Romano: Point of order.

Mr. John Vanthof: It's a statement.

Mr. Ross Romano: Mr. Chair?

Mr. John Vanthof: I believe I can use my time as a statement.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano on a point of order.

Mr. Ross Romano: We've gone through this point several times now, Mr. Chair. Unfair—

Interjections.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you.

Mr. Ross Romano: If the opposition members can please actually ask questions—

The Chair (Mr. Prabmeet Singh Sarkaria): I will give Mr. Vanthof his time.

Thank you, Mr. Vanthof. Please continue.

Mr. John Vanthof: Thank you. Also, the member from the government went on at length about all of the financial experts that the government didn't consult—

Mr. Ross Romano: Point of order.

Mr. John Vanthof: —and yet the government refuses to call the provincial controller.

The Chair (Mr. Prabmeet Singh Sarkaria): It's his time.

Mr. John Vanthof: Again, I'd like to put it on the record. 1720

Mr. Ross Romano: Point of order.

The Chair (Mr. Prabmeet Singh Sarkaria): Point of order again, Mr. Romano.

Mr. Ross Romano: Perhaps if there could actually be questions related to the mandate of the committee?

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Romano.

Mr. Vanthof, you can continue.

Mr. John Vanthof: Thank you, Chair. For the member's benefit, I do have a few questions.

We have heard a lot about the Fair Hydro Plan. As a former minister, you display overall pretty in-depth knowledge of the Fair Hydro Plan—we're all agreeing that we're not accountants—but as a former minister, you should. You've come up with a problem. You've got it down by 8% because of the HST and you need to bring it down more. In simple terms, you were going to take the global adjustment smoothing, basically, and you were going to try to extend the payment plan on assets.

Mr. Glenn Thibeault: Yes.

Mr. John Vanthof: You're saying that the life of the assets will be hopefully longer than what the original plan was for, but to me, many of the assets aren't actually owned by the government. They're more leases. An energy production contract to produce energy for 20 years: Even if the asset lasts longer, it's not a government-owned asset, it's a lease; it's more of a lease. I think that's a hard thing for us to get through.

The crux, what I'm trying to understand—and I'm going to go a bit from where Mr. Tabuns was going. You've decided that you were going to lengthen out the payment. You've decided that this has to be rate-based. You don't want to put this on the tax base, and MPP Wynne said the same thing yesterday: It has to be rate-based. That's why you went—right? But we heard today that the Ontario Electricity Financial Corp.—you could have used that tool and still have been rate-based. So a decision was made at a cost that can be between \$2 billion and \$4 billion—I don't understand numbers that big.

Mr. Ross Romano: That's a lot of cows.

Mr. John Vanthof: That's a lot of cows. Sorry, Catherine.

A decision was made at some point that even though you could have done it rate-based, and you could have kept it on the rate base with the Ontario Electricity Financial Corp., a decision was made to spend at least \$2 billion

more of taxpayers' money. The question is, for what? Because it could have been rate-based under the OEFC. The crux of the matter is, what was that \$2 billion or \$4 billion—what was so much better about creating this?

It wasn't expertise. The Ontario Electricity Financial Corp. has the expertise. You didn't have to change legislation to do that. As minister, what did you tell cabinet? "Here's why it's worth spending \$4 billion more. We can do everything that everyone said so far, we can do everything with the other one, but we need to create this complex system and spend more money." Why?

Mr. Glenn Thibeault: There was a lot in that. I'm going to try to unpack that as best I can.

It's been mentioned a few times, so I do hope to clarify this, and I don't know if I've said this. Where we keep saying everything is on the rate base, when we created the Fair Hydro Plan—we didn't keep everything on the rate base, right? We moved the social programs off.

Mr. John Vanthof: Agreed.

Mr. Glenn Thibeault: We did recognize that there were ways that we could put things onto the tax base, so we did that.

Mr. John Vanthof: Agreed.

Mr. Glenn Thibeault: But looking at keeping the regulatory assets on the rate base, utilizing the mechanism that we had and the expertise that I was given, the advice that I was given as minister and as cabinet was suggesting that the way that we do this is through the OPG. Because of the amounts that we were looking at, the way it was actually going to be financed, they had the—I'm sorry, John. I'll wrap this up quick.

Mr. John Vanthof: No, no, no.

Mr. Glenn Thibeault: But the expertise that they had, the regulatory assets that they're able to go out and market—I've used the Lower Mattagami in the great riding of yours.

Mr. John Vanthof: Actually, it's not.

Mr. Glenn Thibeault: It's actually Gilles's. Anyway, all of that being said, that was a great example of the skill set that they had. They were able to go out and get 80 companies to buy into the bond market.

Mr. John Vanthof: True, but the Ontario Electricity Financial Corp. also has the same skills. They've financed huge amounts of debt, which has stayed rate-based. They've done exactly the same thing. You didn't need to change regulation to do that. It would have shown up on the province's books, fine. But no one has ever said—certainly not in your testimony—that one of your goals was to keep it off the province. The committee members have said it, but you've never said it. Your goal was to keep it rate-based.

Mr. Ross Romano: It's in the documents.

Mr. John Vanthof: I know, but he never said it here. Your goal was to keep it rate-based. You could have kept it rate-based. You said there was no low-hanging fruit. But, to me, if you can keep it rate-based and save \$4 billion, that's a big low-hanging fruit. That's a huge low-hanging fruit.

So why did you choose, specifically, instead of the Ontario Electricity Financial Corp., which could have done it—and we're not talking about the parts that were paid by the taxpayer. We understand that. But for the global adjustment smoothing, a decision was made to spend over \$2 billion and to keep it rate-based, but you could have saved the same on the rate-based. You could have saved at least \$2 billion; a decision was made not to. Who advised that that decision be made?

The Chair (Mr. Prabmeet Singh Sarkaria): Two minutes.

Mr. Glenn Thibeault: The mechanisms that were provided for through OPG allowed for us to utilize their skill set and their expertise the best. So the advice that we were given as the Minister of Energy, as cabinet—

Mr. John Vanthof: Okay. If you were specifically given advice, who gave you the advice to create that whole—because if you were given specific advice to use a mechanism that wasn't the Ontario Electricity Financial Corp., you can pick out when you were given that advice and who gave you that advice.

Mr. Glenn Thibeault: The generalization that I was using talks about through the whole consultation, through the whole process of the Fair Hydro Plan. The initial discussion talked about using OPG. There was no one person who said, "This goes to OPG." As it has been said before—and I know I've said it many times—when we started the very first conversation, we looked at all options. We looked at all options to ensure—

Mr. John Vanthof: So why was the Ontario Electricity Financial Corp. ruled out? What couldn't it do that your complex system could do, other than keep it off the provincial books? What couldn't it do? Because it could keep it on the rate-based.

Mr. Glenn Thibeault: From my understanding of the presentation that we were given, OPG was the mechanism that best suited this financial vehicle for the Fair Hydro Plan.

Ms. Catherine Fife: Is there any time left?

The Chair (Mr. Prabmeet Singh Sarkaria): Fifteen seconds.

Mr. John Vanthof: Thank you.

Mr. Glenn Thibeault: Thank you.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you very much. Now, for the final 10 minutes of questioning, to Mr. Romano.

Mr. Ross Romano: We're almost there.

My friend asked some questions about why and then moved on to who. I'm going to focus on—the why is obvious. We've got the documents. We've seen it. I can appreciate, in your position, you can't confirm that this was all done for political reasons. Like I said at the outset, it's okay to politically want to reduce rates. The problem was that the way that it was designed in this highly complex structure—I'll call it precarious; you'll call it complex—

Mr. Glenn Thibeault: Complex.

Mr. Ross Romano: Your chief of staff called it a "fine knit sweater."

The point of it all was to keep the money off the books. The Auditor General called it out at the beginning; we just didn't have the evidence. Now we've seen the evidence.

We've seen documents and emails that verify that this was all done in the fashion it was done because it needed to stay off the books, because there was another political win. That's the bad part that we've had to highlight here.

1730

My question is not about the why, because the why is proven. My question is more specifically about—and I hope you'll be prepared to comment on this, because you talked a lot about energy poverty and the issues in your northern background and why we run and why we want to be in this role, and I know you're in it for the right reasons, or you came into it for the right reasons. But when somebody refers to \$2 billion to \$4 billion, people have a hard time putting into perspective what that actually is in terms of dollars. That's a grotesquely large amount of money. And we're talking about a program that, over 30-plus years, is going to cost \$70 billion to \$90 billion. That's what Mr. Baber was referring to with the FAO report.

All of these costs for a goal to get re-elected: Is there any regret at all? Is there any sense of, "I'd like to say that I did the best while I was here. I tried my best. This was the directive I had"? I guess, just to put it very bluntly, do you want to say "sorry" to anybody in this province for the cost that your grandkids and my grandkids are going to be paying for? They're on the hook for this.

Mr. Glenn Thibeault: Your grandkids and my grandkids will be breathing clean air thanks to the \$70 billion of investments that we made as a government to ensure that we have an electricity grid that is coal-free.

Mr. Ross Romano: I didn't—

Mr. Glenn Thibeault: Those were the investments that we made. This is a \$20-billion-a-year sector in which we continued, as a government, prior to the election, to invest in. The importance of making sure that we have a reliable system, a system that is free of coal, something that we can all be proud of—all of us around this table should be proud of it. I know that your government talked about that in the climate change plan that they announced last week. That is something that we should be talking about.

Mr. Ross Romano: When you went to this system, though, you didn't envision—and you weren't there, nor was the Premier—

Mr. Glenn Thibeault: Can you say it again? I'm sorry.

Mr. Ross Romano: When you came up with this system to go to a cleaner, more reliable energy system, let's be honest here, nobody thought, within the Liberal caucus, that it was going to see a 300% rise in hydro rates.

I'm going to move on. I'm going to go into a question that Mr. Vanthof was referring to. We talk about the who. That's really, to me, the only answer we haven't identified yet: Who was responsible for this? It seems easy to say, "Oh, I'm not certain. It came from these meetings," but the reality is, there is a who. It's just a question of whether or not we can get to the bottom of the who. So in the next six minutes, I'm going to hope to figure that out.

When we had IESO testify before us, there was a person—they were sitting on the far right; I can't remember the name, but the testimony we received from that individual was that they got called—

Mr. Roman Baber: Mr. Campbell.

Mr. Ross Romano: Right—to a meeting by your deputy minister, Serge Imbrogno, and in that call, when he was called to that meeting, which was in early January 2017, said, "Bring Michel Picard with you." Michel Picard was at KPMG, correct?

Mr. Glenn Thibeault: I don't know.

Mr. Ross Romano: You must know Michel Picard, right?

Mr. Glenn Thibeault: I can't recall Michel Picard. I do apologize, but I can't recall Michel Picard.

Mr. Ross Romano: Michel, like Michael—Michel. Does that help you?

Mr. Glenn Thibeault: It does now. Thank you. I was thinking of—

Mr. Ross Romano: Yes. Now you remember Michel Picard.

Mr. Glenn Thibeault: Yes.

Mr. Ross Romano: Serge specifically said, "Bring Michel to the meeting." This was in early January. Did that direction to Serge come from you, as the Minister of Energy?

Mr. Glenn Thibeault: No.

Mr. Ross Romano: Okay.

Mr. Glenn Thibeault: I don't recall that.

Mr. Ross Romano: We had Ken Hartwick, the CFO from OPG. I questioned him about this. He said that the person who directed him and OPG to be what they were in this was you, as the Minister of Energy. Yesterday, when we asked the former Premier, Kathleen Wynne, to identify who, she didn't specify you as concretely as Mr. Hartwick did, but she did cite OPG and a couple of groups. The only person she cited was the Minister of Energy, which, again, was you. So your name is the only singular one that has come up.

I've listened to you speak here today, and I'm pretty confident that you didn't come up with the accounting design of the Fair Hydro Plan, but who did? Because there is a who, and you know who it is. It's just a question of: You can help us. Who first highlighted this as a potential option?

Mr. Glenn Thibeault: Please don't make an assumption as to we all know who did this, because this was—and you've heard testimony over and over again—a process that we worked through. We relied on our provincial controller, we relied on our accounting people to give us the information—

Mr. Ross Romano: Well, they weren't your accounting people. You hired them. And as we heard from—

Mr. Glenn Thibeault: No, I'm talking about the energy people who would come in, who were from the financial piece of energy. We would talk with the controllers. There were people from the controller's office who would talk to us about the Fair Hydro Plan. For anything related to accounting, that was our resource. Our resource was to go to the provincial controller.

Mr. Ross Romano: So let me ask you, how do you know Michel Picard?

Mr. Glenn Thibeault: I met Michel Picard in maybe one or two meetings max.

Mr. Ross Romano: Okay. And would this have been from November 2016, when then-Premier Kathleen Wynne

said you needed to do more, more than the 8% you guys had already found, the low-hanging fruit? You needed to do more. Did you meet Michel Picard in and around that time frame of November 2016?

Mr. Glenn Thibeault: I would have met Michel Picard some time after I was minister. I cannot recall when.

Mr. Ross Romano: Do you recall hearing about a very similar accounting scheme as the Fair Hydro Plan that was used in and around October-November 2016 in the state of New York, specifically around energy? Do you recall something similar to that?

Mr. Glenn Thibeault: I recall hearing something about many instances of accounting practices that were being utilized in the United States.

Mr. Ross Romano: Specifically in the energy sector, specifically in the fashion in which the Fair Hydro Plan was used?

Mr. Glenn Thibeault: Similar to the smoothing of the GA.

Mr. Ross Romano: Perfect. So at that very time that you're trying to come up with a way to reduce hydro rates for the Premier, who has directed you to come up with more, you've heard of a similar thing. Who did you hear it from?

The Chair (Mr. Prabmeet Singh Sarkaria): Two minutes.

Mr. Ross Romano: You must remember who brought that up to you because, clearly, that's what manifested into the Fair Hydro Plan.

Mr. Glenn Thibeault: No. I would disagree with that assertion.

Mr. Ross Romano: You're trying to tell me that right at the time that the Premier tells you to come up with more, you're told about something that ultimately ends up being what the Fair Hydro Plan is.

Mr. Glenn Thibeault: But we were told about—

Mr. Ross Romano: In the energy sector.

Mr. Glenn Thibeault: But we were told about many things. We were told about—

Mr. Ross Romano: Was it the Premier who told you about that plan going on?

Mr. Glenn Thibeault: We were told about many types of systems that we should be looking at. That's why we had those consultations that I mentioned before.

Mr. Ross Romano: Did Michel Picard tell you about that thing that was going on in the States?

Mr. Glenn Thibeault: As I'm saying, we had many meetings with many stakeholders who would talk about their ideas on how we should move forward on reducing costs.

Mr. Ross Romano: Who specifically told you about this thing that was going on in the United States, this very similar form of accounting practice that is exactly what ultimately became the Fair Hydro Plan, at that critical time?

Mr. Glenn Thibeault: I'll reiterate my point: There were many instances where we had meetings with stakeholders, with energy associations, with the IESO, with the Ontario Energy Board, talking to us about opportunities and what type of system or what type of vehicle we should be looking at to find ways to reduce costs within the system. Again, there was no one "aha" moment where we were like, "Oh, this is what we should be doing."

Mr. Ross Romano: So this was just a cumulative effort? Something this complex just came up out of thin air? Nobody ever said—

Mr. Glenn Thibeault: No, I never said it came out of thin air. What I said was—

Mr. Ross Romano: No, because there was actually a similar process going on in the state of New York that you just acknowledged that you were aware of at the time that you were directed by the Premier—

Mr. Glenn Thibeault: No, I never—you're now putting words into my mouth. What I said was I was aware of other instances in the United States. I cannot confirm—

Mr. Ross Romano: And I said specific to the energy sector, and you agreed.

Mr. Glenn Thibeault: Yes, specific to the energy sector. But was it Duke Energy? Was it any other of the system operators that were implementing different types of rate-regulating accounting? There were many options that we had to look at in trying to find the right solution to find ways to reduce the costs of electricity prices for the people of Ontario.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you. Unfortunately, that concludes our time for questioning today. I would like to thank Mr. Thibeault once again for taking time out and participating here with us today.

I'm going to propose that before we go into closed session we take a five-minute recess.

Mr. Roman Baber: Mr. Chair.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Baber?

Mr. Roman Baber: Unfortunately, the government members—a lot of us have a commitment that's pending. If we could perhaps avoid the break?

The Chair (Mr. Prabmeet Singh Sarkaria): Avoid the break? We'll have to clear the room, and only committee members will be able to stay. We'll get right into it right after the room is cleared.

Mr. Roman Baber: Thank you.

The committee recessed at 1741 and later continued in closed session.

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