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FRONT PORCH PERSPECTIVE: Thoughts regarding Energy policy

By Stephen Somerville

Now that Doug Ford and the PCs have won the high seals of office, the hard work begins.
In addition to choosing a cabinet, and having an independent auditor review the state of the provinces finances, one of the most difficult files that the new premier will have to deal with is energy.
This file has been a disaster.
From the Liberals ill-conceived Green Energy Act, to their $1B payouts to the natural gas-fired plants, to the fiasco surrounding the Hydro One Board, the Tories will have their work cut out for them.
One of the first things that the Ford Administration has signaled that it will do is end the Cap and Trade system. It is not clear how the new Ontario government will proceed to undo it, though.
According to a recent newsletter by the AIRD BERLIS law firm, scrapping Cap and Trade ?will require new legislation, as well as withdrawal from agreements with Ontario's Western Climate Initiative partners (Quebec and California). None of this can happen immediately, and obligations of Ontario emitters will continue in the meantime. Even after the end of Cap and Trade, Ontario consumers may still pay a carbon tax if it is found that the Federal backstop carbon price applies.?
As they say, the devil is in the details.
According to the PC Party Energy platform released during the election campaign, they will cut hydro rates by 12% for families, farmers, and small businesses by:

First, returning Hydro One dividend payments to families.
Second, stopping the Liberal practice of burying the price tag for conservation programs in your hydro bills and instead pay for these programs out of general government revenue.
Third, cancel energy contracts that are in the pre-construction phase and re-negotiate other energy contracts.
Fourth, declare a moratorium on new energy contracts.
Fifth, eliminate enormous salaries at Ontario Power Generation and Hydro One.
Sixth, stabilize industrial hydro rates through a package of aggressive reforms.

That is a tall order for the incoming Minister of Energy.
Each new Minister will receive a Ministerial Mandate letter. This provides direction from the Premier's office on the goals and objectives that they want the Minister to achieve.
The over-arching goal of the Minister of Energy will mostly likely be to follow through on the Premier Designates call during the campaign for ?rate relief? and to reduce energy system costs.
One thing that we know is that the Premier is likely to fire the Chair of Hydro One and replace the entire Board. They may also decrease the Board size from 15 to 7 people. This existing Board was so tone deaf that it voted itself a whopping increase in pay over and above the scandalous annual remuneration that they were already receiving.
In order to start the ball rolling on rate relief or at least attempt to control electricity prices, the new government might go back to long term power contract holders and negotiate, by contract type, an extension to the contract term for some type of decrease in the power rate.
The energy system is a complex beast where $21B is spent annually in the system.
The new Ford administration need to get this file right, as our provinces' long term productivity and competitiveness depends on it.
One thing is for sure, the new minister of energy ? whoever he or she is ? has a lot of heavy lifting to do.

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