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# FRONT PORCH PERSPECTIVE: Energy policy under Doug Ford

**By Stephen Somerville**

During the provincial election campaign this past May, the Progressive Conservative Party electricity platform, which was entitled, ?Cleaning Up The Hydro Mess?, focused on lowering electricity costs for consumers.
Since Mr. Ford has entered office, his administration has pushed through the House four energy related measures.
First, they are in the midst of a reduction of residential electricity bills by a further twelve percent (on top of the Liberals 25 per cent reduction contained in their so-called ?Fair Hydro Plan?).
Second, they cancelled over 700 wind and solar contracts signed by the Independent Electricity System Operator (?IESO?) on behalf of the previous government.
Third, the Premier was able to pressure the CEO at Hydro One, the so-called ?Six Million Dollar Man?, to leave and the entire Hydro One Board to resign.
Fourth, they have begun the dismantlement of the Cap and Trade program, associated with the previous governments' climate change initiatives.
The first element described above regarding the reduction of electricity prices is a complicated beast.
The Liberals announced the Fair Hydro Plan back in 2016. In order to provide the 25 per cent reduction on residential electricity bills, they borrowed $26B through Ontario Power Generation. Electricity customers will pay off this debt through rate increases beginning in a few short years.
The Tories upped the ante by stating that they would reduce energy prices by a further 12.5 per cent.
However, the rate increases will probably begin to hit just as the PCs are entering into the next election campaign in 2022.
This is a ticking time bomb and it will be interesting to see how the government deals with the issue.
One thing to keep in mind regarding energy is that Ontario is a goods producing province and we need low cost energy production as part of the equation that includes well trained workers, good transportation and infrastructure and competitive tax rates.
The Liberals and Tories have fundamentally different views on most items in this sector, from new nuclear (Tories want them, Liberals most likely opposed) and renewables (Liberals introduced the Green Energy Act and Feed-In Tariff Program, while Tories adamantly opposed).
What are the potential long-term implications for electricity rates in Aurora? And what ? as individuals - can we do about it?
The cost of electricity generated on your residential bill is usually about 62 per cent while the cost of getting electrons to your home is about 32 per cent.
There is also a regulatory charge, which is ?the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid.? This comprised about 6 per cent of a total monthly bill.
So, the two real cost drivers on a bill are the actual generation of energy and getting the electrons into a residence.
There is nothing one can do about the delivery charges, but we can somewhat reduce our generation charges, and ultimately the size of my monthly bill, by conserving energy.
But what a homeowner can't control is that fact that the cost of replacing old energy infrastructure is expensive.
The real price of power will continue to climb as we replace aging infrastructure. Replacing aging assets that have been fully depreciated over their long-term useful life means that we will be paying higher prices for the new facilities.
Think of it this way, replacing that 1996 Ford Minivan with a 2012 Ford Minivan will now cost you quite a bit more.
Political parties can help to rein in the ever-increasing costs or slow down the rate of increase though by implementing some first principles when procuring power.
First, ensuring robust competition when procuring any type of new generation is a critical factor in achieving the optimal electricity cost for Ontario consumers.
Second, accountability and transparency to ratepayers, taxpayers and market participants must be delivered by the government and independent regulatory agencies. No more sole source Samsung deals that escaped any public input or oversight.
Given the importance of energy and given the media spotlight on this sector over the past few years, I expect that the energy file will be a key part of the provincial political landscape during the upcoming parliamentary session.

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