

# Wind Power Why Ontario Suffers the Highest Power Costs in North America

November 14, 2016 by [stopthesethings](https://stopthesethings.com/2016/11/14/wind-power-why-ontario-suffers-the-highest-power-costs-in-north-america/) 1 Comment

The video above and the pieces from the Financial Post below give a pretty fair rundown on why Ontario suffers the highest power costs in North America and what its Liberal government's obsession with wind power has done to destroy not only its once competitive industry, but also its once peaceful and prosperous rural communities. The first is by Lawrence Solomon, executive director of Energy Probe.

## **Lawrence Solomon: Ontario is headed for a fatal future and only ending the renewable deals can prevent it**

Financial Post

Lawrence Solomon

28 October 2016

Ontario was once the engine of the Canadian economy, a Triple-A-rated powerhouse commanding more than 40 per cent of the country's GDP. Today this once-proud place is a have-not province whose credit rating is near the bottom of the pack, a loser that collects subsidies from the rest of the country.

Ontario lost its lustrous Triple-A credit rating when Ontario Hydro went out of control, ending the province's low-price advantage, making industry uncompetitive and sinking the province in a morass of debt.

Ontario's credit rating then continued to sink, in tandem with continuing boondoggles in the energy sector that now leave Ontario the world's most indebted sub-national jurisdiction. According to a 2012 MacDonald-Laurier Institute study by Marc Joffe, a former senior director at Moody's Analytics, the province's likelihood of defaulting over the next two decades is 43 per cent.

But there is a way to reverse Ontario's downward spiral, likely the only way that avoids a painful and protracted retrenchment — by righting the province's power sector, the biggest cause by far of its ruin. And there's only one way to right the power sector — by rethinking Ontario's Green Energy Act and rewriting the ruinous contracts that are responsible for most of Ontario's power woes.

According to Bonnie Lysyk, Ontario's auditor general, Ontarians paid \$37 billion above the market price for electricity over the past eight years, and face an additional \$133-billion overpayment by 2032. Industry and wealth-creation as a result are fleeing the province in what could become a death spiral — the more that industry leaves, in the process depriving the provincial treasury of tax revenues and the power system of sales revenues, the more that Ontario must make up the shortfalls by increasing taxes and rates on those who remain, which in turn convinces others to leave. According to an Ontario Chamber of Commerce report last year, soaring power bills are expected to shut down one in 20 businesses by 2020. Those that remain will simply avoid investing in Ontario — 40 per cent admit to having already done so. With Ontario now burdened with the continent's highest electricity rates, and with the doubling of rates to

date for most industrial customers on track to become a tripling, businesses can't go wrong by looking elsewhere.

To temper its spiraling power costs, the Ontario government is waiving HST and otherwise subsidizing power rates with tax dollars. But these measures — which increase the provincial debt — will only act to further weaken the provincial credit rating. Some suggest buying out the job-killing renewables contracts or cancelling them with compensation. But the borrowing costs involved— a lion's share of the \$133-billion overpayment that the auditor general identified — would tank the provincial credit rating and jeopardize the economy.

The government's current direction is unsustainable. But it can change direction by admitting its mistakes, rewriting the ruinous contracts it entered into and clawing back the overpayments, which amount to several times the fair market price for their power.

Once Ontario industry is able to pay a competitive price for its power, industry will stay and expand in Ontario and the province will collect ever-increasing revenues from both employers and employees. With the province in recovery, its downward credit rating will reverse itself, rather than continuing a slide to the default that credit rating agencies like Standard & Poor's now view as thinkable.

Can a province unilaterally rewrite a contract that it entered into? As every one of the multinationals who entered into one of those obscenely rich renewables contracts with Ontario surely knew, the Ontario legislature has — as every legislature does — not only the power to rewrite contracts whenever it feels so justified, but has done so numerous times over its history.

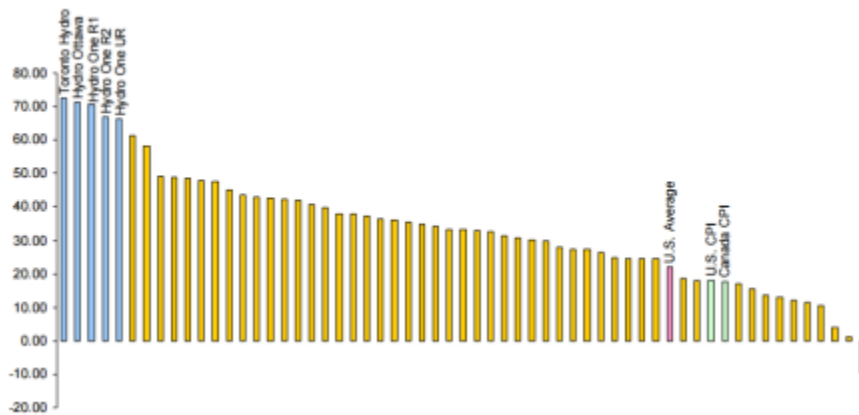
After the Ontario legislature rewrote a contract between government-owned Hydro One and its CEO, Eleanor Clitheroe, firing her and denying her much of the pension she had negotiated, Clitheroe sued her former employer.

In a 2009 decision, the court denied her demand to have her contract honoured, beginning its Reasons for Decision by reiterating the rules of the game: "In short, the Legislature within its jurisdiction can do everything that is not naturally impossible, and is restrained by no rule human or divine ... there would be no necessity for compensation to be given."

The 2009 decision was citing a century-old suit brought by the Florence Mining Co. that the Ontario Court of Appeal unanimously dismissed. Since then, the right of the legislature to unilaterally rewrite contracts has often been tested and always been upheld. When Clitheroe in 2010 asked the Supreme Court of Canada for permission to appeal the lower court's ruling, the Supreme Court dismissed her request. If Ontario doesn't rewrite the renewables contracts, virtually everyone in the province will suffer, now and well into the future, with the victims especially being those least able to afford the costs. If Ontario does rewrite them, the bleeding will stop and the ones to suffer, fittingly, will be those who knowingly took the risks of deals that were too good to be true.

***Financial Post***

Figure 3: % change in electricity price in Ontario compared to United States, 2006-2015



The next piece is by Garth Manning, a retired lawyer, and former president of the Ontario Bar Association.

### The untold Ontario green-energy scandal is that it's devastating our rural areas

Financial Post

Garth Manning

2 November 2016

The biggest unreported story in the Ontario media, despite all its talented investigative journalists, is the destruction of rural Ontario by massive wind "farms" and solar projects.

Wind turbines are not "farms" but sophisticated industrial machines, each taller than Toronto's Royal York Hotel or the Ottawa Peace Tower. They will never be built in urban centres. So rural Ontario is being progressively devastated while residents of towns and cities, along with the media, remain uncaring.

Large wind and solar factories give the finger to rural economies, heritage, and property and business values and landscapes, while vast flocks of migrating birds, including endangered species, are killed by these lofty Cuisinarts. All these obvious outcomes are denied by an industry that cares not about climate change and only about government-enforced profits.

There is a lot here worth investigating. There's the unreported but significant influence of the wind industry lobby in the initial drafting of Ontario's Green Energy Act, a legislation of sweeping consequence that — despite warnings of harmful consequences by distinguished economists and professional engineers — was adopted with unusual speed by the legislature, moving from its introduction to passage in just 11 weeks. There is no business case for all this green energy, as the auditor general has consistently shown, yet the government was so forceful in implementing it that it took away from rural municipalities their planning and zoning powers, denying them any say in whether or not these intrusive projects would be imposed, regardless of local wishes.

Government approvals are handed out eagerly, with proponents facing few hurdles. And once a wind farm is planned for a rural community, it is virtually impossible for an appeal to succeed. There are severe limitations on the evidence that can be presented before the Environmental Review Tribunal, which will consider only evidence showing harm to human health or the environment, and not concerns over the impact on an area's property values, businesses, quality of life, heritage or local economy. The Ontario

Energy Board, which approves transmission lines, will only consider the merit of terms offered to landowners directly along the transmission lines (although, not the actually completed agreements) and whether approvals are in the interests of consumer price and reliability and the general public interest. This is all far less than what a real court of law would allow. Instead, provincial government lawyers, paid by taxpayers, stand before the board shoulder to shoulder with lawyers for the wind corporations pushing the projects over local objections.

Take Prince Edward County, where I live, as an example. Just over two-hours' drive from Toronto and popular also with visitors from Ottawa, Quebec and the U.S., a community that once relied on agriculture, with no major industry, cultivated a creative tourism strategy based around the county's many artisans and wineries and its loyalist heritage, unspoiled landscapes (including famous Sandbanks beaches), restaurants, hotels, and bed and breakfasts. Small-scale entrepreneurs invested millions of dollars. There are now 40 flourishing wineries here. Tourism has increased exponentially.

But a major 27-turbine wind project is being proposed for Prince Edward County, with a 28-kilometre transmission line that will bisect the landscape. This will have a crippling effect on local business and the overall economy, reducing property and business values and amounting to expropriation without compensation. Few visitors, I suspect, will come to admire our industrial-sized renewable-power installations.

Meanwhile, the picturesque islands that lie off eastern Ontario — Kingston's Wolfe Island, Amherst Island and Prince Edward County — are critical staging posts on one of the most important flyways in North America. Birds and bats in the millions cross these areas twice a year during migration.

Indeed, a portion of Prince Edward County is an internationally recognized "Important Bird Area." Wolfe Island, already plastered with turbines, has become a shadow of its former self, and if the wind industry has its say the same fate will befall Amherst Island and Prince Edward County, turning them into killing grounds for unbelievable numbers of migrating species.

Urban people already know some of the scandals of waste created by the Green Energy Act — Ontarians forced to pay for surplus energy dumped into New York and Michigan, while also paying producers to curtail their electricity generation. But the story of what's happening in Ontario's countryside is yet another scandal that urban folk need to know. We rural folk already know it well.

***Financial Post***



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