



News Release

For Immediate Release

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Legally Required Technical Electricity Plan Never Fully Reviewed or Approved: Auditor General

(TORONTO) The government had a process in the *Electricity Act* and regulations for drafting and approving a long-term technical plan for Ontario's electricity system, and then didn't follow that process, Auditor General Bonnie Lysyk says in her *2015 Annual Report*.

"The process called for the Ontario Power Authority (OPA) to draw up a 20-year technical plan, with updates every three years, and for the Ontario Energy Board (OEB) to review and approve the plan," Lysyk said today after her Report was tabled.

"The process could have offered protection to consumers because the OEB would have been able to review and approve any technical plans over the last decade for cost-effectiveness. Instead of following the legislated process, the Ministry of Energy (Ministry) itself effectively assumed responsibility for electricity planning."

Between 2004 and 2014, the Ministry issued two policy plans and 93 ministerial directives or directions that did not fully consider the state of the electricity market, did not take long-term effects fully into account and sometimes went against the OPA's advice. Neither the Ministry's plans nor its directives are subject to OEB approval.

"Ontario electricity ratepayers have had to pay billions for these decisions," Lysyk said.

From 2006 to 2014, the electricity portion of the hydro bills of residential and small-business consumers increased by 70%. In particular, the Global Adjustment fees, covering the excess payments to generators over the market price, cost consumers \$37 billion during that period, and are projected to cost another \$133 billion from 2015 to 2032.

Following are some of the Auditor General's other significant findings:

- Electricity consumers will eventually pay a total of \$9.2 billion more for renewables under the Ministry's guaranteed-price renewable program than they would have paid under the previous procurement program.
- The guaranteed prices for generators of wind-powered electricity were double the U.S. average price in 2014; the guaranteed prices for generators of solar power were 3½ times higher than the U.S. average price.
- The Ministry issued a direction in December 2013 to convert a Thunder Bay coal-fired generating plant to biomass despite OPA advice that the conversion was not cost-effective. Electricity from this facility costs 25 times more than the average electricity cost at other biomass plants in Ontario.
- The lack of a co-ordinated regional planning process contributed to transmission capacity and reliability issues in several regions. The resulting constraints in the transmission system led to additional costs of \$408 million in compensation payments to generators, either for increasing the power they produce, or for not producing power on demand.

- Between 2009 and 2014, Ontario’s average annual electricity surplus—the available electricity supply, less the electricity consumed—was about the equivalent of the total existing power-generation capacity of Manitoba. The Independent Electricity System Operator forecasts that Ontario’s baseload generation from 2015 to 2020 will exceed Ontario’s demand by an amount equivalent to Nova Scotia’s power needs for about five years.
- While Ontario had an oversupply of electricity, the province spent about \$2.3 billion on conservation programs to 2014, and is committed to spending another \$2.6 billion over the next six years.

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