



Office of the Auditor General of Ontario
Bureau de la vérificatrice générale de l'Ontario

Value-for-money audit of:

Electricity Power System Planning

2015 Annual Report, Section 3.05

Background

- Electricity planning is the management of long-term electricity demand, and the determination of how best to meet that demand through generation, transmission, distribution, exporting, importing and conserving electricity
- The *Electricity Act* requires the Ontario Power Authority (OPA), now merged with Independent Electricity System Operator (IESO), to prepare and submit a power plan to the Ontario Energy Board (OEB) for review and approval every three years



Audit Objective

Assess whether effective processes and procedures are in place to:

- ensure the transparency, accountability and efficiency of Ontario's electricity power system planning process in order to provide for reliable, cost-effective and sustainable power to meet provincial electricity demands within the context of applicable legislation and government policy; and
- measure and report periodically on the progress and results of Ontario's electricity system plans.



Overall Conclusions

- Legislative planning process not followed, so no OEB-approved technical plan in place for the last decade
- Limited OEB oversight has meant limited consumer protection; electricity commodity charges rose 80% between 2004 and 2014
- Global Adjustment fees cost ratepayers \$37 billion between 2006 and 2014, and are projected to cost them another \$133 billion between 2015 and 2032



Specific Findings

- From 2009 to 2014, Ontario's available electricity supply exceeded its maximum demand by an average amount about equal to total power generation capacity of Manitoba
- Higher rates guaranteed to producers of renewable energy will cost ratepayers \$9.2 billion more over 20 years
- From 2009 to 2014, conservation during surplus power period contributed to exports at \$3.1 billion below cost
- Thunder Bay biomass conversion plant generates power at a cost 25 times higher than average



Recommendations

The Ministry should:

- review planning process and clarify roles of Ministry, IESO and OEB;
- require detailed technical plans to be prepared and independently reviewed;
- make decision-making process more transparent by informing public about its directives and the rationales for its decisions; and
- closely monitor and publicly report on the extent and impact of the electricity surplus.



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