



Honourable Glenn Thibeault
Minister of Energy
900 Bay Street, 4th Floor
Hearst Block
Toronto ON M7A 2E1

Sent by email: glenn.thibeault@ontario.ca

Re: Reducing Electricity Costs

Dear Minister Thibeault:

I am writing to you on behalf of the many municipalities who have endorsed resolutions expressing concerns about electricity costs and the government's approach to the Green Energy Program. Your announcement of September 27 was welcomed by these Ontario municipalities; the suspension was an important first step in acknowledging the negative impact that wind turbines and other renewable energy initiatives are having on our communities.

We continue to be concerned, that this initiative is not sufficient to address concerns about the high cost of electricity that is causing such hardship in our communities. Taking steps to not add \$2.45 per month in 2020 does not address the real hardship being felt by our residents *now*. It is also not clear that the other measures announced by your government will even offset the ongoing increases in hydro rates that can be expected in the short term unless additional changes are made.

It was important that your statement confirmed that the province has a "robust" supply of electricity and the procurement process could be cancelled without increasing greenhouse gas emissions. This provides you with room for more aggressive actions that will address immediate costs.

Our tracking of wind turbine contracts shows that there are still many wind turbine projects in the pipeline that will add at least another \$7.9 billion to electricity generating costs. This is equivalent to another \$82 per annum for each Ontario electricity user. Seven of these projects are under construction but will not be connected to the grid until sometime this fall or in 2017 — that likely means the power developers are in default of the terms of their FIT agreements.

Another five have not been issued 'Notices to Proceed' as they are, or have been until recently, involved in Environmental Review Tribunal proceedings or other legal appeals of Renewable Energy Approvals. Again these projects are likely in default of their FIT agreements.

The final six projects are in the pre-MOEC submission stage. These include the five contracts issued in early 2016 plus one outstanding project from earlier FIT offers. In all of these cases, the IESO has the option of terminating the agreement for any reason with very limited cost liabilities relative to the 20 year commitment to electricity that is not required.

If you were to direct the IESO to aggressively enforce the FIT contract terms, many of these contracts could be cancelled with minimal or no cost by exercising termination options built in the FIT contract.

Given that Ontario does not need this additional generation capacity and they are not contributing to a reduction in greenhouse gas emissions, this action should be an immediate priority if you are truly concerned about escalating electricity costs.

To truly address the current high cost structure of Ontario's electricity system, the government needs to take concrete measures that will roll back the electricity cost increases that have resulted from the government's Green Energy initiatives. Based on contracted rates and realistic output expectations, payment for the existing wind turbines currently in operation are equivalent to about \$324 annually for each Ontario electricity user. Since most of this output is not aligned with peak Ontario electricity requirements, about \$200 per electricity user is paid to other generators to waste steam or water that could have been used to generate electricity as well as for standby gas generation capacity.

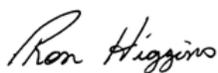
A cost of \$515 per household per annum is hard to justify when little concrete benefit can be shown for this cost. Closing the coal plants has been attributed to this generating capacity but on September 16, you were present at a Kincardine luncheon where the Asthma Society of Canada presented an award to Bruce Nuclear for their role in providing support for the closing of the coal generating plants. This was just a formal acknowledgement of something that everyone knows: it was *nuclear* generating capacity, not the wind turbines and other forms of renewable power that allowed the coal plants to be shut down.

To address the impact of these overly-generous FIT contracts, your government will have to take action to deal with the overly generous rates paid for the electricity and/or their guaranteed 'first to the grid' access. As shown in the Trillium Power court ruling, participants in discretionary government programs do so at their own risk; governments may legislate changes that alter or cancel programs and be immune to civil suit. Last December, the Auditor General indicated that Ontario's FIT contracts provide for rates that are twice or more than the rates paid in other jurisdictions. It is time for the government to address this issue to get electricity costs under control. You need to move beyond the superficial measures proposed to date to address this issue and achieve immediate as well as long-term savings.

I know that this letter is calling on the government to take very aggressive actions but this is needed to address the crisis caused by high electricity costs in this province. Proposals that deliver minor savings or shift costs from one user group to another are no longer sufficient. As estimated in this letter, the wind turbines program over \$600 per user to electricity costs. Action is needed against the root causes of these cost increases.

We look forward to discussing these options to reduce electricity costs with you.

Yours truly,



Ron Higgins,
Mayor, North Frontenac

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