Good money after bad: how mismanagement of Ontario’s power system affects you

It’s been several months now since the Auditor General of Ontario released her 2015 report, in which she levelled scathing criticism of how the Ontario government has mismanaged the electricity sector. In what will be her last report to include the management of Hydro One because the government has partially privatized the electricity distributor, Auditor General Bonnie Lysyk condemned the planning and policy implementation processes that have resulted in Ontario’s electricity consumers paying too much for power.

The report made specific mention of the fact that Ontario has a surplus of power, a situation that is likely to continue, if the government continues to give out expensive contracts for “renewable” power sources wind and solar, which provide only a small amount of Ontario’s power and then only intermittently.

The Auditor General said, “The Ministry’s attractive guaranteed prices program has been one of the main contributors to the surplus power situation Ontario has faced since 2009, in that it has procured too many renewable projects, too quickly, and at too high a cost.” The Auditor General’s office also found that Ontario paid “double the current average cost” in North America for wind power.

Her estimate was that Ontario’s electricity customers paid out $9.2 billion just for wind and solar contracts. Worst of all, perhaps, is the fact that Ontario is paying top dollar for renewables—and then selling the power at bargain bin prices—because of the power surplus.

Readers may recall that in most parts of Ontario, we had a very windy Christmas Eve. That breezy situation cost us plenty; because we are forced to buy wind power even when we don’t need it, wind power makes up a substantial portion of the surplus power we sell off. On Christmas Eve, that was about $9.4 million, which is not counting what we paid Bruce Nuclear to “steam off” power, or what we paid some wind power producers to limit or “curtail” power production.

What would your local hospital have done with even a small part of that $9.4 million?
What could Ontario have done with the $339 million the Auditor General says we paid for curtailing surplus electricity between 2009 and 2014?
What would you have done with the $360 extra you paid last year (assuming you use only 800 KwH per month of power)?

Formerly prosperous Ontario now has 530,000 households in a state of “energy poverty,” says the Ontario Energy Board –that means they can’t pay their bills. You’re paying for that too, as there is now a charge on your electricity bill to help out distressed customers, which some say is just another government tax to fund a social program.

The situation will get worse: in spite of everything, Ontario still plans to give out contracts for another 300 megawatts of large-scale wind power projects for bids received in 2015, and 200 more megawatts for 2016 bids.
The Independent Electricity System Operator (IESO) said this in its recent Outlook document: “Ontario will continue to experience surplus baseload generation (SBG) conditions during this Outlook period. The magnitude of SBG is trending higher with the addition of new renewable generation and decline in grid demand…”

A few weeks after the Auditor General’s report, Niagara On The Lake Hydro took the dramatic step of issuing a challenge to Ontario’s Minister of Energy, Bob Chiarelli, on behalf of its customers, demanding that he get power rates down, now. “Immediately cancel the FIT and MicroFit [subsidy for renewables] programs and immediately cease signing any new contracts,” said Tim Curtis, president of Niagara On The Lake Hydro. “We cannot afford any more above market costs to be built into future pricing.”

For those who might think the expense and unreliability of wind power might be worth it to “save” the environment and fight climate change, there is this chilling fact: according to the Ontario Society of Professional Engineers, because wind power needs back-up by natural gas, it will actually cause emissions of CO$_2$ to increase, not reduce. And, wind can never replace Ontario’s power base of nuclear and hydro.

Everyone wants the best for the environment, but for our economy and for the environment, expensive, intermittent large-scale wind power isn’t the answer.

Ontario should not sign any new contracts for wind power generation facilities in the foreseeable future.

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