



Remarks By Tim Hudak  
Ontario PC Leader  
Ontario Energy Association Breakfast  
Thursday, October 14, 2010

## **CHECK AGAINST DELIVERY**

Good morning Ladies and Gentlemen.

I appreciate the opportunity to be here with you today. Since speaking with you last in Niagara Falls, I've had the opportunity to meet with many of you. And I wish to thank you for the ongoing advice and dialogue on the future of Ontario's energy sector.

I'd also like to thank Elise (Herzig) and the OEA for extending the invitation for me to speak with you this morning. The OEA provides a valuable forum for the exchange of innovative ideas.

I also understand that you are compiling these ideas into a paper in advance of the election and I look forward to reading the results.

But as you may expect, I am also busy collecting ideas these days.

In fact, last week, we launched "Have Your Say, Ontario" – the largest survey of its kind where we ask for your ideas, your feedback on everything from energy to education.

I hope you'll stop by "HaveYourSayOntario.ca" and share your thoughts with me there on how we can tackle the challenges facing Ontario.

Since becoming Leader of the Ontario PC Party, I have travelled to every corner of this great province talking to families, businesses and experts in your industry. And it has become clear to me that now more than ever,

Ontario needs a long-term, pragmatic plan for our energy sector and I'll tell you why.

Friends, I want to lead our province, because I believe in Ontario's tremendous potential, both in its land and its people. In fact, it was this potential, this hope, which brought my grandparents to Ontario from then Czechoslovakia just prior to World War II.

But as a father of a young daughter who just turned three, I worry about the path we are on today.

You see, my motivation to run for public office, some 15 years ago, was to stand up for families that work hard and play by the rules. It was the kind of family I was lucky enough to grow up in.

But today, families like that have fallen off the list of priorities for this government.

The evidence of this is no more clear than when the electricity bill arrives and then sits unopened on the kitchen table for days. Because the bill only goes one way these days – and that's up.

I will touch on this more later, but first I want to tell you about the principles that will guide our policy on the energy sector – a plan that will once again put consumers first and get Ontario's economy moving again.

My plan has three key priorities that will guide my government, if I am honoured to be elected as Premier next October:

1. First, I believe energy policy is economic policy. Our decisions must meet our short and long term economic needs in a responsible, stable manner.
2. Second, we will put consumers first, both families and businesses, and respect that they pay the bills.
3. And third, we will work with the industry to develop a long term policy framework that grows our economy. And once set, it won't be directed on a daily basis by Queen's Park or special interests.

## **Energy Policy is Economic Policy**

So let me begin by discussing my first point.

We need to restore the balance in our energy planning and recognize the role the sector plays in our economic prosperity and ability to compete in the global economy.

Sadly, this government has lost sight of that.

I believe, if we want a strong and growing economy, we must treat energy policy as economic policy. And stop treating it like a social program.

We need to ensure Ontario has a reliable electricity system given our aging infrastructure and looming supply crunch beyond 2014.

But as I discussed with you last year, energy is one of the principal expenses in the cost of doing business, and by extension, one of the top factors that any business must consider before investing or relocating in Ontario.

We cannot continue to pursue green energy policies that unnecessarily drive up the cost for consumers and have punitive results on our broader economy.

Instead, we will work with you to ensure a reliable supply of electricity that respects that good energy policy is good economic policy.

Today, the proliferation of energy bureaucracies is consuming too much money and too many resources. Worse yet, all of this growth in government ultimately ends up as inputs on electricity bills.

I don't want to single out the OPA, but it does illustrate the point.

Originally created as a transitional, virtual agency, it now has a payroll that has ballooned from 15 to 300; expenses have soared 465 per cent.

Given the challenges of our economy, given the mood of investors, given the aging infrastructure, we simply cannot afford the distraction of big government.

This may seem like a straight forward concept to you, but it has escaped this government who has favoured more bureaucracy while dodging important decision on issues like Ontario's aging nuclear capacity.

Nuclear facilities supplied more than 50 per cent of our electricity last year and given the 10-year lead time for a nuclear facility, we cannot afford to wait any longer and a PC Government will make that decision immediately.

I also look forward to working with our partners in natural gas to fully leverage the recent advances in the exploration and distribution of this vital natural resource.

And given I represent a riding not far from Niagara Falls, I believe new hydro electricity also should be an important part of our future supply mix.

A balanced supply mix has always been our strength. And we will work with you to make the pragmatic decisions on a diverse supply mix to fuel Ontario's economic growth.

### **Putting Consumers First**

Let me now speak to the role of the consumer.

I believe that the government has forced families to buy a bill of goods without ever asking them if they wanted it, or could afford it.

From smart meters, to the Green Energy Act, to the Samsung subsidy, electricity bills are skyrocketing. When you add in the impact of the HST and other rate increases, the annual cost of electricity bills for Ontario families is set to increase by a staggering \$732 by 2015.

I think families deserve a break. And a PC Government will deliver a plan to govern that will give them real tax relief, so they have the confidence to start spending again.

But we will also give them back their voice as it relates to energy that powers their homes and businesses.

Let me give you some ideas on how we would achieve this.

First, I will restore the Ontario Energy Board's ability to act in the best interest of the consumer.

The OEB use to have a mandate to "protect the interest of consumers" and to "promote economic efficiency and cost effectiveness" as an independent agency.

But that no longer reflects their day to day duties. Today, it wrestles with the government's Green Energy Act, smart meters and Time of Use pricing.

In fact, the government even turned to the OEB to collect a \$53 million tax through a hidden special-purposes charge.

The reality is the OEB has been pulled in all directions by this government and no longer has the latitude to properly review electricity contracts that respect consumers.

To ensure that consumers' interests come first again, and to enhance the OEB's role in this regard, a PC Government would create a dedicated Consumer Advocate at the OEB to represent the interests of ratepayers and ensure political interests don't trump a family's ability to pay.

Another action we are taking is giving families a choice on Time-of-Use pricing and smart meters.

As a concept, I appreciate that the intention of Time-of-Use pricing reduces peaks in demand to take the strain off the electricity system, while respecting our environmental responsibilities.

But the current structure sees consumers paying higher prices for electricity during ALL peak hours, regardless of whether demand response is needed.

Dalton McGuinty claimed that using electricity during off-peak hours would "save you money". It hasn't exactly worked out that way.

To me, it just does not make sense on a spring day, when there is adequate supply, to force families to pay more for electricity.

A number of LDCs have identified significant pricing and testing issues with smart meters that need to be addressed.

In spite of these very real problems, the government is proceeding, full steam ahead.

This is wrong.

That's why the Ontario PC Caucus put forward a motion calling on the Government to halt the rollout until these serious issues could be fixed.

That's exactly what the Australian state of Victoria did just after it discovered problems in its billing system.

But that's not enough. We also believe consumers should have a choice, which the current program does not allow.

A future PC Government would give families an option to choose whether Time-of-Use pricing makes sense for their household.

Jurisdictions across the United States, Europe and Australia provide families a choice. I say in Ontario we deserve that same choice.

I have always believed that the best advice I get is directly from families from across Ontario. But just as it is with Time-of-Use pricing, they no longer get a say, despite all they pay in taxes.

Premier McGuinty's green-energy-at-any-cost approach is being paid for by hard-working Ontario families through skyrocketing electricity bills.

Let me be clear, renewable energy **MUST** be a part of Ontario's supply mix, but it must be at prices we can afford.

### **Long term planning and stability**

Which brings me to my last priority.

As I discussed with you last year when we were together, I believe that government decision makers should work with the sector to set out the policy framework, and then leave it to the sector to implement and execute – in short, get out of the way.

But too often, politicians cannot resist the temptation to interfere. Regrettably, that was also true under the Eves Government when we pulled a 180-degree turn.

This constant change of direction in government policy means investors no longer find Ontario a safe and stable environment in which to invest in energy projects.

And I'm not sure you can blame them - a secretive, sole-sourced contract was just handed over to Samsung. And last week, a signed contract in Oakville was torn up.

In fact, at your conference in Niagara Falls, Michael Nobrega from OMERS confirmed that Ontario is failing to attract pension funds and other large pools of capital to finance electricity infrastructure due to the instability in the market place.

Today, a stream of Ministerial Directives means a fractured, splintered approach has replaced long- term planning and stability.

We have seen this at the OEB, as I discussed earlier. At the OPA, we still do not have a long term plan even though it has been over two years since the IPSP was sent back to the drawing board by the Minister of the day.

That is why a PC government will make the creation of a long term plan for an independent, strong energy sector a priority.

You have my word. We owe it to the families who pay the bills, and we owe it to ourselves to establish a stable marketplace that will attract investment to Ontario's economy.

## **Conclusion**

Friends, a PC government will separate politics from energy policy and planning. Our approach will be rooted in accountability to the consumer, the family.

All players in the sector – from the smallest to the biggest – will be accountable to the consumer.

That means we need to examine all of the inputs on families' electricity bills to ensure they are affordable.

We need to put our faith in competition and the ability of the private sector.

We need to balance environmental responsibilities with economic growth.

And finally, we need to create a stable, long term plan that once again makes Ontario an attractive place to invest and a leader in Confederation.

I thank you for coming this morning. And I thank you for your ongoing insight and advice.