

January 25, 2015

Response to NA-PAW, OWR, OWA, ORWTWG
Questionnaire

PC MPP and Energy Critic, Vic Fideli
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First, let me start by thanking you for your excellent efforts in exposing the troubles created by the Green Energy Act (GEA) for the people of Ontario. Since becoming Energy Critic in 2011, a position I held for 2 years, I have continued the fight to stop wind turbines from being erected in Ontario. Sadly, this Liberal government seems intent on ruining our province, one acre at a time.

I have attached my anti-wind brochure (it's a little outdated now) which I mailed to my constituents in Nipissing. In addition, I made the electronic artwork for this available to all my fellow MPPs and to anyone who wanted to have a brochure they could imprint their own name to. I know it was widely utilized. After I left the Energy post to become Finance Critic, I have continued to oppose the GEA, as it is also responsible for our financial poor health, as well as the physical health of so many in Ontario.

Now to your specific questions ...

1. As you are likely aware, as Energy Critic, I was our party's official face for the opposition of the GEA. In that capacity, it was my duty to provide my fellow MPPs with the material they needed to fight the GEA.

Personally, it would be almost impossible to count the number of meetings, rallies, protests, speeches, phone calls, e-mails, and lobbying efforts I did to educate the people of Ontario about the pains the GEA has caused to Ontario families. I attempted to log the number of times I spoke of the GEA on the floor of the Legislature, but as it occurred every week since I was elected, the tabulation was taking an inordinate amount of time. It would be safe to say I am the most outspoken MPP against the GEA and industrial wind turbines.

From standing on Ostrander Point to see the once-beautiful waterfront, to standing on a hay wagon in Stayner with my fellow MPPs to warn the folks there, to attending the First Nations lands on Manitoulin Island to fight hard to protect their mountain, to Maple Hill in Powassan, and to the front of the CBC building in Toronto, and the Liberal Leadership Convention – the list can go on-and-on – I have stood shoulder-to-shoulder with men and women across Ontario, to fight the GEA and industrial wind turbines.

As well, I have visited families, again, too many to count, to talk about the pain and suffering in their lives, brought on by the wind turbines. It is a sad shame the government will not recognize the health issues these families face. I saw face-to-face, the pain in their eyes, brought on by the fact the government is not providing them any hope for their future.

2. Your environmental question brings out a real interesting point of conflict for “the other side”.

In Ostrander Point, the battle may indeed be won using a trick of the environmentalists themselves. The Bandings Turtle may resolve this issue, once the appeals are all exhausted. (I hope I'm not out of date on this one!)

In Haldimand we saw the cutting down of a tree that actually housed an Eagles nest – wow – GEA enviros cutting a tree – and harming an eagle. That tells us which side of this issue they'll land on – and how far they will go.

Simply put, the GEA has left a permanent environmental scar on Ontario – with the forests they cut down and the concrete they poured.

3. With respect to costs of the GEA, I have always stated it's not just the subsidy cost; it's the 'law of unintended consequences'. The AG (Attorney General) and the previous AG gave us all the ammunition we need.

Here is an excerpt from my book “Focus on Finance” which clearly illustrates how the cost of wind turbines in Ontario has caused Ontario's energy rates to triple, to become the highest in North America.

What we saw was a government with a social engineering plan in mind – the Green Energy Act. When this disaster started, Ontario produced 25 per cent of its energy from green energy – water power – the cleanest, greenest, most reliable and affordable source of renewable energy. Now, several years and many billions later, Ontario still produces 25 per cent from green energy; 22 per cent from water and 3 per cent from wind. There is absolutely nothing green about their version of green energy.

Since writing that column, a few more facts have surfaced, including more details on the Global Adjustment charge. The Auditor General pointed out wind generators operate at 28 per cent capacity and wind mostly blows at night when we don't need the extra power. So we have been paying Quebec and the U.S. to take that surplus power. Almost \$2 billion has been paid so far, increasing to about \$500 million last year. When the wind blows during the day, and power is produced, the government was contracted to take that power. But not knowing whether wind would generate power that day, they would have already contracted for all the power they needed. So they spill water over Niagara Falls onto idle generators, costing us about \$300 million annually not to produce power.

And when that reduction is maxed out, they turn to nuclear plants, and redirect the steam away from the generators and vent it outside. That little exercise, done on five different days last year, cost the ratepayers \$80 million. Add together the \$500 million to Quebec and the U.S., the \$300 million in spilled water, and the \$80 million in vented steam, and that's almost \$1 billion in extra payments due to wind power, or 'the law of unintended consequences'.

Wind proponents will quickly tell you that because only 3 per cent of Ontario's power came from wind, it was not their fault your hydro bills skyrocketed. They are not accounting for the money wasted as a consequence of wind-generated power contracts; and that's the billion dollars added to the Global Adjustment. When all this started, electricity sold for 4.3 cents per kilowatt hour in 2003. Today, at peak times of day, energy sells for 12.9 cents per kilowatt hour – triple the 2003 hydro rates.

The Auditor General is not alone in his concerns. Here are some worldwide headlines: Italy Cuts Solar Subsidy; Dutch Pull Plug on Wind Subsidies; UK Solar Subsidies Slashed; Germany Slashes FIT; and Spain Halts Renewable Subsidies to curb \$31 Billion of Debts.

While other jurisdictions are realizing what a disaster this has been, Ontario is still doubling down. When the column was written, wind and solar accounted for 1,700 megawatts of power, and the target was to produce 10,700 megawatts by 2018. The very problem that has sent your hydro bills skyrocketing and gutted our manufacturing sector was set to get six times bigger! Because of so much community pushback on these installations, whether for health concerns, property values, environmental reasons, and a whole host of community activism, there has been a partial retreat and the target has been re-set down to about 6,500 megawatts. However there's no comfort in knowing the problem is only going to be four times greater!

The recent retreat by the Energy Minister to reduce FIT subsidies and give token input to municipalities is an admission their energy plan is a

failed social experiment. But reducing the subsidies will NOT solve the problem. The Liberals will still be spilling water, venting steam, and draining jobs into Quebec and the U.S.

While the government claimed the Green Energy Act would create 50,000 jobs, the Auditor General stated the FIT program loses two to four manufacturing jobs for every so-called green job created. The Xstrata Copper job loss example should have been a warning to the government. Instead we now have hundreds more examples of companies leaving Ontario for cheaper power.

There are also companies who simply will not locate in Ontario because of our high hydro rates. The Montreal Gazette revealed that Innovation Metals, a Toronto-based firm, announced plans to set up the world's first independent centralized rare-earth ore separation plant in Becancour, Quebec. The company chose the location over several potential sites in Ontario citing Quebec's low industrial power rate as a major factor. It's estimated the rare-earth metals refinery will require an investment of more than \$200 million and the creation of about 300 new jobs.

Professor Ian Lee of Ottawa's Sprott School of Business summarized Ontario's energy situation in a recent Toronto SUN article. "Over the last eight years, the government of Ontario has squandered an energy-competitive advantage that both parties supported from 1909, when Adam Beck created Ontario Hydro," Sprott said. "For the past century, Ontario has enjoyed an energy advantage that keeps the province competitive with northeastern U.S. states, such as New York, Pennsylvania, Michigan, and Ohio," he said. Failed Liberal policies

mean we've lost that competitive edge. "The government squandered it to drive up energy prices by subsidizing people at 10 times above the market price to put in solar panels to produce a surplus of electricity – that we didn't need in the first place – which we then sold at a loss to the Americans to exacerbate the competitive advantage we have handed them by squandering our cost advantage on energy," he said.

We'll give the last word on this to Carol Goar of the Toronto Star, as she sums up the Liberals' Green Energy Act in a recent column. "The rollout was costly and ill-conceived. It drove up electricity prices, undermined public support for wind and solar power, riled rural Ontarians, and left a trail of aggrieved investors and producers."

4. When elected Leader, I will do exactly what I did as PC Energy Critic: I will form a Policy Advisory Committee to lay out a plan to eliminate the Green Energy Act, and make energy affordable in Ontario, again.

My Energy PAC had experts from across the country weigh-in on how to achieve this goal.

Incidentally, the best paper I ever read on the harm the GEA is doing to Ontario came from the Ontario Society of Professional Engineers, entitled "Wind and the Electrical Grid". I've attached this file, as well.

5. I will repeal the Green Energy and Economy Act of 2009.

As Mayor of North Bay, I recall this coming across my desk. I was shocked that they stripped me and my Council of all our rights – and in fact stripped the community of their rights. Heck, you may need a public meeting to locate a Tim Horton's – but not for a 500' industrial wind turbine!!

Again, here is a further excerpt from my book "Focus on Finance" which presented an Opinion Editorial I wrote, shortly after becoming Energy Critic ...

Ontario being led down Green garden path

Sitting in the Mayor's chair in North Bay for seven years afforded me plenty of opportunity to interact with provincial politicians. I raised an eyebrow a couple years ago when I first heard an MPP use the expression "dirty coal" at a non-energy announcement. Then I noticed each Liberal MPP worked the phrase into their speeches, regardless of the topic. As a life-long marketing executive, I cracked a smile, knowing that this spin was laying the groundwork for the real hit. That came in 2009, in the form of a document entitled The Green Energy Act (GEA). The stated purpose was to 'green' Ontario's energy sector through conservation and renewable energy generation. To ensure that no one got in its way, the Government removed all municipal planning powers over the development of renewable energy generation.

In many ways the GEA put the desires of the renewable power industry ahead of the needs of Ontario businesses and electricity consumers.

For instance, when you neutralize the municipality (the public's only forum to fight a rezoning), toss around phrases like "dirty coal" (which stifles naysayers), and put a 'green' label on it (which minimizes opposition), you've got a perfect storm for procedural abuses, failed fiscal oversight, and gross misuse of taxpayer dollars.

Now, as a newly-elected MPP and PC Energy Critic, I've spent the past three months meeting with industry stakeholders from all sides, assessing the GEA. It will be no surprise to anyone who pays a hydro bill, that I believe the GEA to be a complete disaster. What may surprise you are some of the people who agree with that assessment. Here's a quick recap of what has happened with power, under Premier Dalton McGuinty.

The Feed-in-Tariff (FIT) Program pays out massive subsidies for wind and solar contracts to produce power we don't need. This continues to drive up the cost of electricity – it rose 26 per cent between 2008 and 2010. It is projected to rise another 46 per cent by 2014.

Even McGuinty knew what would happen next. Years earlier, while serving as Energy Critic he stated, "I am not going out on much of a limb when I say there is a direct correlation between hydro rates and our rate of unemployment in Ontario. As the rates go up, so will the rate of unemployment."

As a result of skyrocketing energy prices, manufacturing plants, forestry mills, and mineral processors close and move to where they find cheaper power. In Timmins, a city of 43,000, Xstrata Copper axed

670 employees and moved just across the border to set up shop in Quebec, where hydro is cheaper. It affected another 4,000 employees province-wide.

In total, Ontario has lost 300,000 manufacturing jobs in recent years. This has resulted in even lower demand for hydro, and we now generate far more power than needed. Unlike a commodity, you can't store electricity. So we pay the U.S. and Quebec to take this surplus power off our hands. We've paid them \$1.8 billion over the past six years; \$420 million in the first 10 months of 2011 alone. Their industries use this cheap power to compete even harder with our manufacturers, and so the downward spiral continues.

If the province stays on this current path, your hydro bills are going to increase dramatically.

Auditor General Jim McCarter delivered a scathing indictment of Dalton McGuinty's energy policy. He found that wind generators operate at 28 per cent capacity and that wind output was out of phase with electricity demand during certain times of the day. Solar generators operate at just 13 per cent capacity. And the FIT Program, with its overly-generous payments, will cost taxpayers \$4.4 billion more than the previous Standard Offer Program. In 2010 wind and solar accounted for 1,700 MW and the target for them is to produce 10,700 MW by 2018. The very problem that has sent our hydro bills skyrocketing and gutted our manufacturing sector is about to get six times bigger. The AG also told us that billions of dollars were committed to renewable energy without fully evaluating the impact through a comprehensive business-case analysis. No independent,

objective, expert investigation had been done to examine the potential effects of renewable-energy policies on prices or job creation.

Even Dr. Patrick Moore, co-founder of Greenpeace, weighed in recently with his comment that the wind power industry is “a destroyer of wealth and negative to the economy.” He went on to say that wind farms are “ridiculously expensive and don’t work half the time.”

George Smitherman, former Liberal Energy Minister and architect of the Green Energy Act, spoke out recently. He feels that maybe the price paid for FIT contracts needs to be adjusted, and that perhaps municipalities should not have been cut out of the picture. At the launch of the GEA, he said it could lead to a modest increase in electricity bills of about 1 per cent annually. The cost you paid for electricity went up an average of 9.8 per cent last year. Without an immediate cancellation of the FIT program, look for that to continue.

Next, look for the words ‘Global Adjustment’ on your hydro bill. Simply put, Global Adjustment covers the spread between market price and guaranteed price paid to generators, plus the cost of paying standby gas plants not to produce electricity, as well as paying for conservation programs. This will be the hottest energy topic for the next several years. One North Bay manufacturer showed me that the Global Adjustment, nonexistent on their 2009 hydro bills, is now \$1,700/month, while their electricity charge is \$1,400/month. Another hometown company’s annual Global Adjustment is seven figures – for a line-item they never factored into their budgets. The Global Adjustment is expected to increase tenfold, from \$700 million in 2006 to \$8.1 billion in

2014. This will certainly cause more Ontario manufacturers to close up shop and move to cheaper locales.

Also, watch for the Smart Meter charges to hit home. Environment Commissioner Gord Miller weighed in recently, reminding us that reducing peak demand was the prime driver for introducing smart meters in the first place, yet there is no data to show if it's helping consumers conserve. The computer system that runs the Smart Meters cost \$250 million, and the bill is now due. Your local utility will be adding 75 cents a month to repay that purchase. And where a traditional meter costs 65 cents to read, these electronic meters cost \$1.50 plus another 90 cents for the towers and controllers. In addition, your local utility will be adding a \$1.50 monthly fee to pay for their share of the \$1 billion spent on the actual Smart Meter units. Total it all up and you'll see a further \$4.00 a month added to your bill this year.

Let's not forget the cancellation of the Oakville power plant and cancelling, demolishing, and relocating the Mississauga power plant. These cancellations were nothing more than political 'seat savers' and may cost taxpayers \$1 billion. That bill will come due this year, followed by the bill for the new plants, once the government figures out where to locate them. This comes at a time when industry experts are questioning the reliability of the GTA power grid.

The path this government is on will continue to be destructive to Ontario. By contrast, the PC Party will get rid of the fantasy energy world of the GEA. We will end the unnecessary and unnecessarily rich subsidies to the few in the renewables industry and go back to a

power system built to supply the people of the province with reasonably priced electricity.

This clearly outlines my history of being an outspoken advocate for the repeal of the GEA.

6. In a general statement, I will terminate the GEA, and work with the victims to fully-understand the damage done to them – both their property and their lives.

I also feel that most of the proponents of wind power have not met their obligations. To that end, I will require that “independent” noise and ILFN studies are done to ensure legal and ethical health standards are met. This may be a very efficient way of halting offending turbines.

7. I am very aware of the ‘contraction’ going on worldwide. I have written about it – and spoken many times in the Legislature about it.

These are some of the headlines I read out to the Legislature: Italy Cuts Solar Subsidy; Dutch Pull Plug on Wind Subsidies; UK Solar Subsidies Slashed; Germany Slashes FIT; and Spain Halts Renewable Subsidies to curb \$31 Billion of Debts.

8. In my riding of Nipissing, the nearest industrial wind turbines are in Manitoulin Island, although there 3 planned for the Trout Creek area – on Crown Land – so there isn't a municipality to complain!!

9. I will continue to stand with you.

I have sat at tables, where I needed a box of Kleenex – and that was just for me!

This GEA has ruined Ontario, and ruined families.

I will continue to be the most outspoken person in the Legislature.

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