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| **Watch dog group predicts higher electricity prices in Ontario, including Sault Ste. Marie**  **Posted 3 hours ago**  Electricity rates for residential users, businesses and industry are going to increase as a result of recent changes introduced by the Ontario government and its energy agencies. But by how much, and what impact those increases will have on Sault consumers remains a subject of some debate.  The projected increases in electricity bills for local ratepayers range from a low of one per cent annually predicted by Brad Duguid, Ontario's Minister of Energy and Infrastructure, as a result of the province's Green Energy Act, to a high of a 33 to 60 per cent increase over the next two to three years projected by the Clean Affordable Energy Alliance of Ontario, which included a variety of factors in its analysis.  Brian Curran, president of the city-owned PUC Inc. said that some of the new 20-year contracts for wind, solar and gas-fired energy signed by the Province with private companies offering generous subsidies for renewable power generation must have an impact on electricity rates for local consumers.  Curran said that guaranteed prices for solar power delivered to the grid ranging from 42 cents a kilowatt hour to 80 cents a kilowatt hour for rooftop installations, combined with 13 cent a kilowatt hour offered for wind generation over lengthy contracts would increase electricity costs for consumers.  "It has to bring up the overall price of electricity," Curran said. "This year we are putting on a 20 megawatt solar project [in Sault Ste. Marie] at a price of 42 cents a kilowatt. If you look at the average cost of electricity generation, it's probably about six to six and a half cents a kilowatt including the Province's global adjustment," Curran said. "Twenty megawatts isn't a lot, but it is about eight times more than the average market price."  Curran said that while solar and other renewable energy production remains a small part of Ontario's overall power generation now, more would be added to the grid over the next two to three years as part of the provincial strategy to promote clean, renewable energy sources.  But he said also that there were many positives in promoting clean energy resources to the Ontario grid.  That was a point Sault MPP David Orazietti stressed in defending his government's policy in rewarding companies like Pod Generating Group a lucrative 20 year Renewable Energy Standard Offer contract in 2007 to build a 60-megawatt solar farm in Sault Ste. Marie. Pod has since sold its ownership of the project to American based Starwood Energy Group which will begin construction of the first 20 megawatt phase this spring.  Orazietti said that while solar technology is more costly now to install, he predicted that those costs would decrease as a manufacturing base for solar components is developed in Ontario as part of his government's strategy to promote both green technology and green jobs in the province.  He said that the initial start-up costs and value of the renewable energy contracts were offset by reduced threats to people's health and environmental damage caused by the coal generation plants his government plans to close.  "To say that coal generation is cheaper than wind or solar generation is a faulty argument for a couple of reasons," Orazietti said. "Both the environmental and health effects of coal generation need to be considered. We have more people with asthma and respiratory illnesses because of our poor air quality."  But Carol Chudy, co-chair of the Clean Affordable Energy Alliance, whose mandate is to serve as a public watchdog over electricity rates in Ontario, said the government is not providing Ontarians with the complete picture.  She said that the Ministry of the Environment did studies in conjunction with the University of Waterloo between 2002 and 2005 that established if you left coal generating plants in operation and installed emission reduction technology the results would have been more cost effective for electricity consumers in the province than moving to expensive solar and wind generation.  She said also the government was not informing the public that because wind and solar generation are intermittent resources, the province is planning to install 10,000 to 12,000 megawatts of natural gas fired plants to serve as back-ups to assist with new renewable plants.  Chudy said that natural gas was a fossil fuel that posed environmental concerns. She added that natural gas from Western Canada was a limited resource that was influenced also by volatile pricing.  And while natural gas used to heat homes is 95 per cent efficient, according to Chudy, as a source of power generation, its efficiency is only 50 per cent. "We think it is an inefficient use of natural gas," she said.  Orazietti, however, said that his government is very conscious about the costs of its electricity, whose generation rates since 2005 are set provincially by the Ontario Energy Board.  "It is extremely important to be mindful of the costs to consumers as we increase the use of renewable energy sources," he said. "It needs to be done in a mindful way so that it is not unfairly burdening consumers."  As to claims that electricity prices are going to skyrocket over the next few years, by advocacy groups like the Clean Affordable Energy Alliance, Orazietti said, "It's not going to happen. It is important to remember that the amount of renewable energy that has been brought online is still relatively small in comparison with nuclear and hydro generation. Wind and solar represent a very small fraction of the overall energy production in Ontario."  But Chudy said the Alliance had identified several factors that would contribute to significant increases for all electricity consumers in the province. Those costs include the impact of renewable energy projects under the Green Energy Act that they estimate will total $18 billion to $46 billion over the next 15 years, but also increased Hydro One delivery costs of 22 to 24 per cent over the next three years; and an eight per cent increase in electricity bills July 1, 2010 when the Harmonized Sales Tax takes effect. A full breakdown of all the increases the CAE Alliance is projecting can be viewed at their website www.caealliance.com.  And as for the role the PUC plays locally in determining electricity rates for consumers, Curran stressed that since 2005, the publicly owned utility is at the mercy of the Ontario Energy Board.  "Essentially, we don't have any autonomy over electricity pricing," he said.  He explained that the PUC files an application with the OEB indicating what their costs and investment levels are and the OEB determines the allowable return on investment and interest rates.  "Our distribution costs are the only thing we have any control over. But that represents only 20 to 22 per cent of the overall cost of electricity," he said. "The costs for transmission, the costs for the energy, we don't have anything to do with that."  But that was not always the case Curran recalled. "We had a good deal here, but [the province] changed everything back in 2002," he said. "We had a local generator (Great Lakes Power), and we received a good price for the power that was supplied to us."  And for the most part, the hydro electricity that Great Lakes Power supplied was clean, affordable energy. But Curran noted too that Great Lakes Power was not able always to meet all the local demands for electricity and had to import from the provincial power grid occasionally.  And as for Sault electricity consumers now paying the price for clean energy we already had locally at a fair price, Orazietti said, "Sure, we are fortunate where we live that energy production is close by, but it is part of the province's energy grid. Our community benefits from provincial resources that come to Sault Ste. Marie that are not necessarily something that our community on its own could afford." |

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