

Comments on Recent Energy Developments

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* This presentation is for informational purposes only. It is not intended to be construed as legal advice. For legal advice particular to your situation, please retain legal counsel.

Comments on Recent Energy Developments

- 1. Federal** – Carbon Tax, Supreme Court Challenge, Taxes in Lieu, Payment Refunds
- 2. Provincial Hydro** – Changes at Ontario Hydro, Fit Contracts, Prospects
- 3. Provincial – Gas/Oil** – Energy East, National Energy Board
- 4. Provincial Financial Update** – Thursday Nov. 14
- 5. Municipal** – Toronto Hydro Corporation and City Expansion

Federal – Carbon Tax

- Started as Federal Government response to global warning and to support Paris Accord
- Shifted to Federal Government is saying polluters must pay

Federal –Supreme Court Challenge

- Provinces challenging in Supreme Court – Saskatchewan, Ontario
- Other Provinces Unhappy – Alberta, Manitoba, New Brunswick,

Federal – Taxes in Lieu

- Federal Government is proceeding to charge tax in provinces that do not have an acceptable provincial plan

Federal – Payment Refunds

- Feds talking about giving money back to the people in the province
- Globe & Mail Nov 13, 2018 – “Ontario to target carbon tax, pipeline construction, in fall fiscal update”“The Ontario government is exploring a suite of measures aimed at revealing the cost of the federal carbon tax on the province's gas prices and home heating bills, as part of Premier Doug Ford's continued pushback against Ottawa's plan.”

Provincial Hydro – Changes at Ontario Hydro

- Board resigned
- CEO resigned
- New board appointed
- New CEO pending
- Continuing with US acquisition approvals

Provincial Hydro – Fit Contracts

- Per the Fraser Institute:
 - 2005 – Provincial decided to phase out coal
 - 2009, the Provincial Government Green Energy Act (GEA) included a feed-in-tariff program providing long-term guaranteed contracts to generators with renewable sources (wind, solar, etc.) at a fixed price above markets rates.
 - To fund the GEA commitments and cover the cost of conservation programs, Ontario levied a non-market surcharge on electricity called the Global Adjustment (GA).
 - Between 2008 and 2016, the GA grew more than 70%, causing a massive rise in electricity prices.
 - 2018 Provincial PC government has moved to cancel and wind down more than 750 energy contracts. Repealing the Green Energy Act.

Provincial Hydro – Prospects

- Ontario is open for business
- Nuclear

Provincial Gas/Oil

Energy East, National Energy Board

- Globe & Mail November 13 reported Province may be considering supporting Energy East project and giving up its ability to object to the project under the National Energy Board provision

Provincial Financial Update

Thursday Nov. 14

- Province is expected to give a broad update, with terms generally not available in advance
- Avoiding major front-line cuts, especially for health care
- Departments to look for 4% savings through efficiencies over time
- Departments to try to reduce the tax and regulatory burden
 - e.g. see OSC's new working group on regulatory reduction
- Minister of Finance is speaking at Canadian Club, Royal York Hotel on Friday, Nov 15 2018

Municipal

Toronto Hydro Corporation and City Expansion

- Adjusting to address concerns of new provincial government
- Adjusting to work with smaller number of city councillors
- Focusing on electricity for buses
- Focusing on large battery storage for transit/hospitals
- Considering using street light poles for other data purposes
- Trial with UV lights
- EV auto charging
- Infrastructure work to replace and expand service
- Key word is “resiliency”



Questions?



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