

Billions spent on electricity in Ontario with no analysis or oversight: CD Howe Institute

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Set Limits on Queen's Park's Power over Electricity Market, says CD Howe Institute

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February 24, 2016 – The government of Ontario should move away from controlling electricity planning, according to a new C.D. Howe Institute report. In “Learning from Mistakes: Improving Governance in the Ontario Electricity Sector,” author George Vegh argues that the government should face more checks and balances when spending electricity ratepayer money. The government should only set broad policy objectives and not make choices on which technologies and which suppliers should



receive government contracts.

Over the last 10 years, the government has directed the *expenditure of billions of dollars of public money on electricity projects* with virtually no oversight or checks and balances. During this time, Ontario consumers have seen a large increase in electricity prices, with more to come.

“It is remarkable that the expenditure of billions of dollars can be made with the stroke of a pen with virtually no oversight,” commented Vegh.

In response to concerns about the rising cost of electricity and poor governance, most notably from the Auditor General’s report last December, the Ontario government has touted its proposed Bill 135 as the solution. However, far from solving the concerns about electricity-sector governance, the proposed Bill entrenches and expands the status quo and provides no role for oversight of government electricity directives.

The author proposes the following recommendations to improve the system:

1. Move away from a central planning model towards a locally based supply obligation that aligns accountability with responsibility.
2. Even if the government is to maintain its central role in setting outcomes, it can reduce its role in picking winners and losers. This requires increased reliance on market mechanisms, including requests for proposals, and capacity markets to meet operational and capacity needs based on demonstrable system requirements.

Vegh concluded: “Rather than extend and entrench the problems, Bill 135 should provide the opportunity to correct them.”

[Click here for the full report.](#)

The C.D. Howe Institute is an independent not-for-profit research institute whose mission is to raise living standards by fostering economically sound public policies. Widely considered to be Canada’s most influential think tank, the Institute is a trusted source of essential policy intelligence, distinguished by research that is nonpartisan, evidence-based and subject to definitive expert review.

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