

***Ontario gives away \$4.5 billion ratepayer dollars;
persists in directive to add more wind and solar***

<http://www.windconcernsontario.ca/electricity-costs-up-97-percent-in-ontario-power-surplus-exports-rising/>

The GA or Global Adjustment first made its appearance on IESO's Monthly Market Report in January 2007. As noted in the chart below, that year, the GA finished 2007 at \$3.95 per megawatt hour (MWh) which means it cost Ontario's electricity ratepayers about \$600 million for the full year. In, 2015 the GA was just shy of \$10 billion.

To be fair, the GA includes the price of "contracted" power, less the value given to it on the hourly Ontario electricity price (HOEP) market. As a result of Ontario's high surplus of generating capacity and the intermittent presentation of wind and solar in periods of low demand, has resulted in the HOEP showing declining values.

Despite declining values the cost of a kilowatt hour (kWh) of electricity increased from an average of 5.43 cents/kWh to 10.7 cents/kWh from November 1, 2007 to November 1, 2015 — up 97%. The upsetting part, and a driving force behind the 97% increase is surplus generation sold to our neighbours.

We sell excess output to New York and Michigan, etc. without inclusion of the GA.

The GA lost on those sales is charged to Ontario ratepayers and has become increasingly large. The chart indicates the "intertie flows" (exports/imports netted) initially cost Ontario ratepayers \$20 million for 2007, but that has increased, and representing more \$1.3 billion for 2015.

It is anticipated the annual cost of subsidizing surplus exports will continue to climb.

Scott Luft notes results for January 2016 are 20% higher than January 2015 for the cost of electricity as the HOEP was lower despite what Ontario's Liberal government says about pricing stabilizing. With plans to add 500 MW of capacity for wind and solar, the climb will continue for at least another two years.

Energy Minister Bob Chiarelli recently stated: "Our government's focus is now on preparations for the next long term energy plan and the ways in which we can continue to drive down costs for Ontarians". (Note to the Minister: a 97% increase does not "drive down costs"!)

Further reference to the chart points out addition of more wind and solar over the past nine years has driven up the percentage of renewables exported. The "Net Intertie" (net exports) increased from 19.6% in 2007 to over 57% in 2015.

What the Energy Minister needs to accept is this: we don't need more intermittent and unreliable power.

That message is not getting through, despite evidence presented by the Auditor General of Ontario on several occasions and by numerous critics in the media.

Costing ratepayers \$4.5 billion in after-tax dollars to help our neighbours is what's happened. Perhaps Minister Chiarelli could suggest to Finance Minister Charles Sousa, that the money extracted from ratepayers provides no benefits to Ontarians. Perhaps a tax receipt is in order — that would help cash-strapped citizens, but there is a better idea.

The Energy Minister needs to immediately recall his directive to the IESO to acquire another 500 MW of contracts for intermittent wind and solar power.

© Parker Gallant,
February 7, 2016

The opinions expressed are those of the author and do not necessarily represent Wind Concerns Ontario policy.

Year	Net Intertie 1. TWh 2.	Global Adjustment Million of \$/TWh	Cost to Ratepayers GA X Net Intertie (millions)	% of Renewables to Net Intertie	Wind Solar & Biomass generation
2015	16.86 TWh	\$77.80	\$1,311	57.20%	9.65TWh
2014	15.15 TWh	\$54.59	\$846	47.00%	7.12TWh
2013	13.40 TWh	\$59.22	\$794	48.50%	6.50TWh
2012	9.90 TWh	\$49.23	\$487	59.60%	5.90TWh
2011	9.00 TWh	\$40.48	\$364	56.70%	5.10TWh
2010	8.80 TWh	\$27.18	\$239	46.60%	4.10TWh
2009	11.30 TWh	\$30.56	\$345	31.00%	3.50TWh
2008	10.90 TWh	\$6.12	\$67	22.00%	2.40TWh
2007	5.10 TWh	\$3.95	\$20	19.60%	1.00TWh
Totals	<u>100.40 TWh</u>		<u>\$4,473</u>		<u>37.00TWh</u>