AG paints an incomplete picture of Ontario’s power upgrade

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In her report, Ms. Lytvyk gets unnecessarily tangled up with the global adjustment mechanism (GAM) and its relationship to the hourly Ontario energy price (HOEP).

abandoned and so the government’s only remaining option for meeting the supply gap was to contract generation.

With the policy commitments to both shut down the province’s coal plants and meet growing peak demand, the work of long-term planning and creating incentives for investors to build new generation was given to the Ontario Power Authority through a legislative mandate. A decade later, Ontario no longer has a supply shortage. This is reason to rejoice, not scold.

The total cost of electricity service in Ontario has increased, with the commodity cost going from 9.2 cents per kilowatt-hour in 2006 to 9 cents per kWh in 2014. The total cost of electricity service in Ontario has increased, with the commodity cost going from 9.2 cents per kilowatt-hour in 2006 to 9 cents per kWh in 2014.

What has Ontario’s electricity system achieved over the past decade?

The entire coal generation capacity—8,000 megawatts—has been shut down and replaced with new generation, a combination of nuclear, hydro power, natural gas, bioenergy, wind and solar. More than $100 billion of investment in the generation sector has resulted in a total capacity addition of 32,000 MW and a quarter of a million new jobs. This is not excess cost; it’s value creation through new investment on a large scale in generation facilities that will provide electricity for years to come.

Given that demand for electricity has remained flat over the past five to six years, Ontario finds itself in an enviable position of surplus capacity, and with a very important and positive attribute: very low greenhouse gas emissions from the sector. The apocalyptic rhetoric of the electricity sector should be replaced with realistic targets emerging from the COP21 talks in Paris and a commitment to electrification of mobility—electric vehicles, mass transit—to transform the rest of the economy to a low-carbon model.