



News Release

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RENEWABLE ENERGY REQUIRES COST-BENEFIT EVALUATION: AUDITOR GENERAL

(TORONTO) Billions of dollars of new wind and solar power projects were approved without many of the usual planning, regulatory, and oversight processes, Auditor General Jim McCarter says in his *2011 Annual Report*.

“While this helped these projects get off the ground quickly, their high cost will add significantly to rate-payers’ electricity bills in the future,” McCarter said today on release of the Report.

“Going forward, it will be critical for the Ministry of Energy and the Ontario Power Authority (OPA) to conduct an objective cost-benefit assessment of the progress made to date to provide government decision-makers with the information they need to strike an appropriate balance between the promotion of green energy and the price of electricity in Ontario,” McCarter added.

One objective of the *Green Energy and Green Economy Act, 2009*, was to increase production of wind and solar power to help make up for the planned phase-out of coal-fired generation plants by 2014. The government indicated at the time that it would lead to modest hikes in household electricity bills of about 1% annually, but this was later revised to a 7.9% annual increase over the next five years.

Following are some of the Auditor General’s significant findings:

- In 2009, the OPA was told to implement a Feed-in Tariff (FIT) program that provided generators of renewable energy with much more attractive prices for their power, partly to encourage the establishment of a domestic industry in Ontario. These higher prices will add about \$220 million a year to the cost of electricity in the province.
- Under a contract with the Ministry of Energy to build renewable energy projects, a consortium of Korean companies is to receive incentives, including a payment of \$110 million plus the already attractive FIT prices and priority access to Ontario’s electricity transmission system, if it meets job-creation targets. No formal economic analysis was done to determine whether the deal was prudent, and neither the OPA nor the Ontario Energy Board was consulted about the deal.
- *The Green Energy and Green Economy Act, 2009* was expected to support more than 50,000 jobs. However, about 30,000, of these jobs are likely to be short-term construction jobs. Studies in other jurisdictions have also shown that for each job created through renewable energy generation, two to four jobs are often lost in other sectors as a result of higher electricity prices.

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