

**Speech by Tim Hudak, MPP
Ontario PC Leader
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CHECK AGAINST DELIVERY

Thank you David [*McFadden, Conference Chair and Partner at Gowlings law firm*] for that kind introduction.

David, your insights on energy and infrastructure issues have been invaluable to our Party and I appreciate your ongoing advice and support.

I also want to commend Insight Information and all those who helped to organize another successful Ontario Power Summit this year.

You know mornings have become a little busier since Debbie, Miller and I added a new addition to our family.

His name is Tavish. And he is a 6 month old ducktolling retriever.

Now you become a politician, Leader of the party, Leader of her majesty's loyal opposition, life changes a bit.

But whenever I want to know if my head has gotten too big, I get two daily reminders.

The first - when I'm out for the morning walk and neighbours walk towards me, eyes wide, hand outstretched and then I realize, it's the dog they want to say hello to. In fact, they all greet Tavish by name and merely nod at me.

The second reminder comes minutes later, when I take the plastic bag out of my pocket and like every other Ontario taxpayer, realize there's a big mess to clean up.

Friends, the great American hotel-owner Conrad Hilton was interviewed years ago on a big TV talk show. The host asked, "Mr. Hilton: You are one of the world's most admired business leaders. You're talking to millions of people tonight. Is there one thing you'd like to say to them?"

Hilton did not hesitate. "Yes there is."

He looked straight at the camera and said: "Put the shower curtain inside the tub."

Now there was a man with a clear message.

I've come today with what I hope is an equally clear message:

Ontario is fading.

The economic powerhouse of Confederation is being left behind.

Why? Not because of the global economic challenges. Certainly not because Ontarians do not work hard. Not because this province has lost its abundant natural resources or its prime geographic location.

All our human potential remains in place: our motivated workers, our creative entrepreneurs, our world-class companies.

Yet they now face the burden of a provincial government that is out of touch.

Obsessed with its own pet projects. Disconnected from discussions around kitchen tables. Unaware of the consequences of spending too much in good years and bad.

Ontario remains an industrial province. We mine. We forge. We bend metal. We weld. We haul. We forklift. We ship. All of this work demands electricity and fuel.

We are also an information-technology province.

Computer servers must be plugged into a socket. The socket connects to a grid. The grid must have a power source. That may sound obvious, but these days Queen's Park has trouble seeing the obvious.

This government sees its job as raising electricity prices in order to support power sources that flunk economic sense.

Consumers feel it. Employers feel it. Jobseekers suffer the consequences.

I worry that if we continue on this path, we may never recover.

Ontario cannot accept this fate.

I will not accept this fate.

And with that in mind, I want to share with you three ways an Ontario PC government will approach energy policy.

Restoring to Ontario an energy system that is both reliable and affordable for Ontario families and businesses, and ending the daily political interference that emanates from Queen's Park.

First, I will put families first and respect that they pay the bills.

Second, I will use a competitive, transparent and accountable approach to integrate renewables into our diverse supply mix and put an end to the sweetheart deals.

And third, I will treat energy as economic policy and end the day-to-day interference coming from Queen's Park.

Putting Consumers First

So let me begin by discussing my first point.

Since I became Ontario PC Leader nearly two years ago, skyrocketing hydro and energy bills have emerged as the number one issue I hear about. Families are struggling to keep up.

From smart meters, to the *Green Energy Act*, to the sweetheart Samsung subsidy, electricity bills continue to climb.

Dalton McGuinty's own Long-Term Energy Plan estimates hydro bills will rise another 46 percent within the next four years – and I suspect he's low-balling that figure.

Bills are simply unaffordable for many families.

As Premier, I will put the consumer – both families and businesses alike – and their ability to pay at the forefront of all energy decisions.

We will give them back their voice and provide choice in the market place by eliminating mandatory time of use pricing.

Friends, I think the smart meters have turned into nothing more than tax machines.

Instead of finding savings on their hydro bill, families are now seeing long lines at the bathroom as budget-conscious families struggle to get everybody showered before 7 AM when the prices go up.

But guess what? Not every family can do that. So they get soaked with just another tax grab.

We all feel the tax squeeze every day.

The current structure sees consumers paying higher prices for electricity during ALL peak hours. Regardless of whether demand response is needed or not.

Jurisdictions across the US, Europe and Australia provide families a choice when it comes to time-of-use pricing. A PC government will deliver to families that exact same choice.

A New Approach to Renewables

Which brings me to my second point – there is perhaps no better example of this government forgetting that families pay the bills than their flawed approach to renewables and the Feed-in Tariff program.

We've all watched the problems with the FIT program unfold in our daily newspapers.

Signing deals, in some cases, that are 20 times the going rate for power.

Offering farmers contracts with no capacity to hook them up to the grid.

Canceling off-shore wind projects to protect Liberal cabinet ministers.

And then paying neighbouring states and provinces to take our power when we have a windy night, and once again sticking Ontario families with the bill in return.

There is no other jurisdiction in all of North America that contracts power like we see in the FIT program.

Only in Ontario do we pay energy developers 80 cents for 5 cent power. And these rates will not change. They have bound Ontario families to these contracts with expensive rates for the next 20 years.

And perhaps the most egregious example of their flawed approach is the sweetheart Samsung deal.

At the very same time that Dalton McGuinty was writing the rules for the Feed-in Tariff program, he was negotiating an entirely different set of rules in a \$7-billion dollar sole-sourced contract with a foreign based multinational corporation.

Now what does this mean?

The Samsung deal is the largest deal signed by far during McGuinty's eight years in office.

There was no competitive bidding process.

There were no lobbyists registered.

There was no transparency or opportunity for Ontario companies to come to the table.

And to make matters even worse, we still don't know the details of the deal and the government refuses to tell you or Ontario families just what they have committed us to.

I have always said that renewables should be a part of Ontario's supply mix, but I would take a fundamentally different approach to integrate them into our system.

An approach that ensures competitive procurement, transparency and affordability for the consumers who pay the bills.

Let me address each of these in turn.

Instead of signing massive, sole-sourced deals, I will ensure all Ontario power generators are given equal opportunity to compete for transmission space in a fair, transparent and open process.

Much like the secret Samsung deal, there was never any transparency in how these FIT prices – like the 80 cents for solar projects – were set in the first place. And now that these 20-year deals have been signed, there is no room for competition to drive these prices down over time. I think we should let the market – in a fair, competitive, transparent process - dictate the price.

We will also take the decisions on where to put wind farms out of the backrooms at Queen's Park and restore local decision making powers the Green Energy Act stripped from municipalities.

Let the elected officials have their say, let local families have their say on the siting of these projects.

Lastly, instead of engaging in social engineering and expensive experiments, I will integrate renewable sources at prices families can afford.

I have always said that renewables must be a part of our diverse supply mix, but they must be at rates that Ontario families and businesses can afford.

Even Dalton McGuinty says the largest contributing factor to rising hydro prices over the next several years will be his FIT and Samsung projects.

Friends, I believe that competition, transparency and affordability are the best means of delivering fair value to families who pay the bills, and to the industry itself that deserves a predictable and open partner at Queen's Park.

Let me be clear. An Ontario PC government will end the sweetheart Samsung deal.

We will be firm in standing up for families and we will use every tool at our disposal to defend those who pay the bills and end this bad deal.

Also, we will end the FIT program. It is unsustainable and is unnecessarily driving up the cost of energy for families and businesses.

Those who have already invested in Ontario under the current FIT rules can count on an Ontario PC government to honour those contracts.

If there is value to Ontario families by stopping some of the larger, more unaffordable projects before they really get started, we won't hesitate to do that.

Our top priority will always be getting the best deal for the ratepayer.

Energy as Economic Policy

And finally, I believe these expensive energy experiments like the Samsung deal flunk economic sense.

As Premier, I will take a completely different approach. I believe energy policy must be treated as economic policy. Reliable and affordable hydro so businesses can hire again, so families can pay the bills.

Given the challenges of our economy, the mood of investors, and our aging infrastructure, we simply cannot afford the distraction of big, interfering government.

A balanced supply mix has always been our strength. Ontario has been well served by hydroelectricity and nuclear power. And these reliable, emissions-free sources of energy must remain the workhorse of Ontario's energy system.

Wind and solar are intermittent sources of power. They can compliment a 21st century economy, but they cannot power it.

Friends, I will work with you – the experts in the sector – to set out long-term policy framework and then leave it to the sector – the regulators, with clear and defined mandates – to implement and execute.

No more day-to-day ministerial directives that hinder long-term objectives. No more make-work projects from big bureaucracy like the OPA.

Just a long-term plan with a singular objective – get Ontario moving again.

Friends, the principles and policies I have outlined today are just the start.

In the coming weeks, I will be pleased to unveil additional ways an Ontario PC government will bring change to the energy sector and give consumers – both Ontario families and businesses – the relief they deserve.

Our approach to energy will be rooted in accountability to the consumer, the family, small businesses and the industry.

Every business in Ontario must be accountable to the consumer. It's no different in the energy sector. And it's especially true at Queen's Park.

We will examine all of the inputs on families' electricity bills to ensure they are affordable.

We will put our faith in competition and the ability of the private sector.

We will fulfill our environmental responsibilities without sacrificing economic growth and prosperity.

And finally, we will deliver a plan that once again makes Ontario an attractive place to invest - a leader in Canada.

To achieve these goals, Ontario needs a change.

Change that will make Ontario a leader again.

Change that will restore Ontario as the economic powerhouse of this great country.

And on October 6, exactly 149 days from now, with your support, I will deliver that change.

Thank you very much.