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# Expect bigger charge for electricity

So how much is the \$8 billion Feed-in-Tariff (FIT) system going to add to our electricity bills?

Pennies according to the government. Because even paying up to 80 cents per KWh for small scale solar projects – like a solar panel on a roof – won't amount to all that much when set against the cost of our more traditional electrical generation they say.

Ben Chin, vice president, Communications, for the Ontario Power Authority that sets policy and planning for our electricity system says that we're paying more now for FIT energy but in 20 years the FIT rates will be the standard.

Somehow that's not comforting.

Add the cost of Ontario's deal with Samsung for wind farms. That power will be bought by the OPA at the FIT rate of 13.5 cents per KWh plus a one cent adder. Estimated cost is \$7 billion.

That doesn't count in the connection costs that FIT projects will require which is estimated to be in the billions. It's one thing to build a wind farm or solar park, but it won't do us any good until it's hooked up to the grid. Those connections are pricey and we're going to be paying for them.

Add to that the fact that green energy like wind and solar can't be relied on. There are lots of days when the wind doesn't blow and the sun doesn't shine.

That means we have to keep more reliable, traditional power generating facilities operating.

You can't just switch a generation system on and off so those facilities have to be kept running all the time.

Which means that when green energy projects are generating power, we're probably producing a surplus. That surplus can't be saved. It ends up being sold in other electricity jurisdictions. It happens now all the time.

**JAN DEAN****EDITOR'S DESK**

Chin says that currently Ontario, like the states and provinces around us, is selling electricity regularly at "negative prices".

I can't help but think that the smart move would have been to put a huge amount of money into some R&D to develop storage systems for power before we signed up for all this.

It seems that we've been paying attention to the conservation message. We're using less power. Although the recession has done a lot to reduce our power use. We'll have to wait and see what happens when the economy is booming again.

Then there's the cost of installing the smart meter system. Want to bet that the savings on your electricity bill will be smaller than the cost of installing the new system?

We're paying significantly more for

electricity than Manitoba and Quebec – some estimate upwards of 50 per cent more.

That's a jolt for a province that liked to use Niagara Falls and the Sir Adam Beck Generating Station as symbols of our energy and industry.

Premier McGuinty told every news outlet he could find that FIT would cost the average homeowner a measly one per cent more – about \$5.00 per month by 2012. That would mean that he figures the average householder is currently paying \$500 per month for electricity.

Will that cover all the green programs set up by the provincial government?

Which means the average householder is a heck of a lot more wealthy than the average people I know.

Add to that the rate increases the OPA is asking for and you're looking at increases that could mount up really fast. Toronto Hydro has already announced a 20 per cent increase.

If we get a hot summer, that's going to hurt.

Big time.

Meanwhile that debt retirement payment that has been a part of our regular hydro bill for lo these many years?

You remember that one. When the Ontario Hydro system was reconfigured, the old debt that threatened to put Ontario Hydro into bankruptcy was separated and made into its own Stranded Debt entity called Ontario Electricity Financial Corporation (OEFC) – at a whopping \$30.5 billion in 2000, it was certainly large enough to deserve its own designation.

Well, in December of 2004 the Ontario government passed legislation allowing the other entities of our electricity system to transfer new debt to the OEFC.

Here we've been paying off the stranded debt every month for 10 years to the tune of \$36.3 billion and care to guess what OEFC's

debt is now?

\$27.6 billion.

I'm thinking I never want the Ontario government or any electricity corporation to hold the mortgage on my home.

Then there's the harmonized sales tax (HST).

August 1, 2010 we're going to be paying the 13 per cent HST on our electricity bills instead of GST, and that's going to make them jump.

Chin is right. Our electricity infrastructure is old. We need to invest in it.

It's just that somehow it feels like we're spending a lot more money and not seeing much benefit.

Each time a new project or cost or tax is added, we're told the cost will be negligible. Add them all up and it seems their definition of negligible is different than mine.

I'd much rather they just laid it all out at once. Give me the facts. And the bad news about what all this is going to cost me.

When Ontario Hydro was reorganized, the goal was to make the system work better and make the processes transparent.

Now we have an alphabet soup of acronyms like OPG, OPA, IESO OEB, and Hydro One that control our electricity supply and I'm not seeing transparent, I'm seeing a multi-layered mess with projects like the new tunnel under Niagara Falls that was originally costed at \$985 million to be completed in 2009, and is now expected to hit \$1.6 billion when it's completed in 2014.

And by the way – that cost overrun has been passed to the OEFC.

Everybody is hoping for a hot, sunny summer this year.

Wonder if our electricity bills will change that.

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## Experiment emphasizes "R&D" for social profit sector

Community innovation has been a recurring theme in this column. I've reported here on my breakfast conversations with people like Tim Jackson of Capacity Waterloo Region, Rosemary Smith of the K-W Community Foundation, Benton Leong of The Waterloo Community Council, as well as countless CEOs and executives committed to long-term community change and impact.

Such conversations are essential for United Way. I see us as the mortar between the bricks, putting resources into addressing long term community change and serving as a catalyst for such.

After literally hundreds of Angie's breakfasts and gallons of decaf, one thing I've noticed is that when it comes to community change, these change makers are not patient people. It's great to see leaders channeling their collective impatience. I really believe that's how we'll achieve our community vision.

My breakfast companion this week, Tracey Robertson, shares this same impatience. Seconded for the past six months from her full-time role at the Ontario Trillium Foundation (OTF), Tracey has been harnessing her creativity and impatience in a catalytic role focused on big-picture, boundary-spanning community innovation in Waterloo Region – community innovation that involves business, government and non-profits working together.

Not tied to – or biased by – one particular organization, Tracey has been working behind the scenes and between the lines to identify opportunities for innovation, collaboration and strategic leverage within the non-profit sector – or, as many now refer to it, "the social profit sector."

Resisting the tendency to name and brand this "experiment," Tracey has operated as a system entrepreneur within the community,

**JAN VARNER****UNITED WAY**

with an eye on the social sector's capacity – a sizeable challenge in a sector not known for, or rewarded for innovation. I can speak from experience when I say that the social profit sector tends to be risk-averse. We certainly do innovate and our staff and volunteers have

to be incredibly creative, but we're typically short-staffed and need to focus on the operational tasks of the day. We have the best of intentions, but ultimately we are asked to show short term results.

Like a public company scrutinizing its quarterly results, we've become somewhat myopic about fundraising tallies and program costs. We worry that if the short term numbers aren't there, donors will take their dollars and time elsewhere. Jim Collins, in his Good to Great Monograph for the Social Sectors notes that it is key to make sure the right decisions happen – no matter how difficult or painful (or risky) it is – for the long-term greatness of the institution.

In six months – the blink of an eye for any organization or entrepreneurial effort – Tracey has been trying to create an underground root system between dozens of quite disconnected organizations and initiatives. When she shows me a mind map of some of the community collectives, non-profit organizations and projects we currently have in our Region, it's clear that there are many dots we can connect for investors, donors and residents who want to see measurable change.

Ultimately, businesses and charitable organizations want the same thing: they want to make the community a better place, and they want the results and outcomes to prove

it. Having someone without attachment or obligation to one specific organization offers us that needed big-picture perspective. "In essence, this is the R&D so highly valued by those in for-profit organizations but often overlooked or undervalued by some of the same people as they support the social profit sector," Tracey explains.

Now working on some practical mechanisms and takeaways, as well as a possible Innovation Summit for the fall, Tracey will soon step back into her "day job" at OTF, with the hope that the supporters of this experiment -- United Way included -- can act on the learnings and move forward. "It's just a start, but I hope we'll all capitalize on stronger connections, have fewer barriers and misperceptions between organizations, and provide more opportunities for innovation," Tracey concludes.

I'd like to see our community expand this experiment, taking Tracey's work to the next level. If you or your organization would like to get involved, please contact me. Patient people need not apply.

*Note: I'm 'taking reservations' for this column. If you'd like to meet me for breakfast and a discussion, please drop me a note at jvarner@uwaykw.org.*

# Business Times

**Letters to the Editor:**

Contact Jan Dean at dean-jan@rogers.com