



BLACKOUT ILLUMINATES FATAL FLAWS OF PRIVATIZED, DEREGULATED POWER

The Ontario power blackout is a serious wake-up call. Failed market schemes and too much entanglement with the US electric system have brought Ontarians the result long predicted by CUPE and other opponents of for-profit, deregulated power – inadequate electricity supply, widespread power blackouts, danger to health and property, and serious economic problems.

The Ontario government has tried to hide the dangers of electricity deregulation from voters through an expensive, tax-subsidized price cap that leaves Ontario residents paying private companies through the back door for higher electricity costs. However, consumers will not forget that even though residential prices have been capped for the time being, the Ontario Tories have carried out many radical electricity changes that put the reliability and stability of electricity at risk. These changes include breaking up Ontario Hydro and forcing reliance on a privatized electricity market for new supply, while sharply increasing integration with the electricity system in the northeast US. These extreme market experiments have been tested before in jurisdictions such as California and Alberta and the result is always the same: skyrocketing prices, supply shortages, blackouts and expensive price caps that subsidize private power producers at public expense.

It's long past time to start rebuilding the public power system that once was Ontario's pride. While we should learn from past mega-project mistakes, the bottom line is that vertically integrated public generation, transmission and distribution through one Crown company worked well for decades, and still works well in neighboring Québec and Manitoba. It's time to end ideological experiments with a resource and service as vital as electricity.

Canada's largest province needs self-reliant, public power

The specific short-term cause of the recent Ontario/northeast US blackout appears to have been transmission problems faced by a private power company in Ohio. The question many are asking is "How could a local problem in Ohio cause such widespread outages?" One part of the answer is that Ontario's

power system is now completely integrated with the system in the northeast US. Unlike in Québec, (where Hydro Québec continues to provide reliable, inexpensive service as a public power company that handles electricity from start to finish) Ontarians now find themselves at the mercy of problems in faraway US states. The lights blazing across the Ottawa River in Québec while much of Ontario was plunged into darkness sent a message about self-reliance that the Ontario government can't ignore. Though it would be imprudent to sever ties with the US system (especially in light of the current need for some US imports), Ontario must start to take steps now to increase its electricity independence.

A first step towards electricity self-reliance for Ontario would be to put the brakes on plans for a new "common market" for electricity in the northeast US and Ontario. The new Northeast Regional Transmission Organization (N.E.R.T.O.) being touted by the Northeast Power Coordinating Council (as a response to pressure from the Bush administration's energy regulator, F.E.R.C.) will only lead to further dependence on the American system. If Ontario joins this proposed regional transmission organization it will be ceding control of the provincial transmission grid to unaccountable decision-makers in the US. The blackout highlights how important it is that Ontario have control of its own transmission system. Ontarians should be very cautious about this proposal.

Public sector workers come through with flying colours

CUPE National would also like to acknowledge and congratulate the many power workers and other public employees who worked so hard to restore electricity during the blackout and to provide other necessary services during the emergency. From the employees of Ontario Power Generation, Hydro One, Toronto Hydro and other public utilities to hospital, ambulance and other emergency workers, the public sector workers of Ontario came through with flying colours. If any further proof was needed, the power blackout showed once again that public services are the bedrock of Canadian society.

*Research Branch
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