

Media Event: Release of 2017 Long-Term Energy Plan

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RELEASE OF 2017 LONG-TERM ENERGY PLAN

October 26, 2017

Time / Location:

10:00 a.m. / Macdonald Block, Queen's Park.

Speakers:

Minister Thibeault.

Media Attendance:

Print – 14

TV – 7

Radio – 2

Media Outlets:

Jones – CP; Benzie – Star; Selley – Post; Zochodne – Post; Giovanetti – Globe; Artuso – Sun; Smith Cross – QP Briefing; Hains – QP Briefing; Smith – QP Today; Boisvert - CBC Online; Lamoureux - Radio Canada TV; Brule - Radio Canada/CJBC; Cooper – Newstalk 1010; Carter – Global; Bliss - CTV Ontario; Tumelty - City TV; Morissette – TFO; Reid – TVO; Reevely (by phone) – Ottawa Citizen; McCarthy (by phone) – Globe; Hanley – CTV; St-Onge – Radio-Canada; Edick – Global;

Statement by Minister Thibeault:

Good morning everyone. Bonjour. Pleased to be here to present the government's 2017 Long-Term Energy Plan: Delivering Fairness and Choice. Our plan is the culmination of about a year of work beginning with public engagement, including input from our Indigenous, business, and energy industry partners. First, I think let me address the most politically-salient piece of the plan, the forecast of the price curve for residential electricity consumers. Certainly the measures brought forward in our Fair Hydro Plan have an effect, but it is well known that our government has taken major steps to remove costs from our electricity system now and in the future.

[Speaking French] Specifically, the Fair Hydro Plan is the largest electricity rate reduction in our province's history. Families across the province have seen a 25-per-cent reduction, with as many as a half a million small businesses and farms also benefiting. The fair hydro plan is a policy that reduces rates immediately and effectively, and those rates will be held to inflation for four years. Following this period, our Long-Term Energy Plan lays out a path for predictable, affordable electricity prices. We heard from families that they can't handle the sharp increases that were taking place in previous years and we are working to ensure that does not happen again.

Specifically, the Fair Hydro Plan is the largest electricity rate reduction in our province's history. Families across the province have seen a 25-per-cent reduction, with as many as a half a million small businesses and farms also benefiting. The fair hydro plan is a policy that reduces rates immediately and effectively, and those rates will be held to inflation for four years. Following this period, our Long-Term Energy Plan lays out a path for predictable, affordable electricity prices. We heard from families that they can't handle the sharp increases that were taking place in previous years and we are working to ensure that does not happen again. Our Long Term Energy Plan delivering fairness and choice outlines additional work we will be undertaking to make our electricity system more cost-effective and efficient, continuing to prioritize affordability. Our government has a history of effectively streamlining operations and taking costs out of the system. Deferring the construction of new nuclear, renegotiating the Samsung agreement, cutting back on targets for renewable generation, are just a few examples that have been taking billions of dollars out of the electricity system and off of electricity bills. In 2010, the government's Long Term Energy Plan projected more – or projected that in 2020 the average residential bill would be more than \$200 dollars per month. Today's plan now projects that in 2020 the average monthly bill will be under a hundred and thirty dollars per month. These are the facts, and that's through collaboration and determination our government has delivered rate mitigation on the order of about seventy five dollars per month.

While these are near-term impacts, the government is committed to delivering long-term solutions to continue to modernize our electricity grid and ensured continued cost savings for Ontario ratepayers. To that end the Independent Electricity System Operator is already hard at work on renewing our market mechanisms to create a more efficient and transparent system. Market Renewal will provide a fix to the foundation of our electricity system and take a technologically-neutral approach to new procurements through an incremental capacity auction. That means that any time we need to secure new supply resources, we will choose the most cost-effective option. Independent analysis suggests that about \$5 billion in-system savings would result from implementing Market Renewal in Ontario.

Second, I want to acknowledge the core themes of our plan: fairness and choice. As Premier Wynne and I have said many times, it wasn't fair for this generation of electricity ratepayers to be shouldering the burden of eliminating coal-fired electricity generation and our investments of nearly \$70 billion in renewing our grid. So our government's Fair Hydro Plan spread costs out more equitably over time, recognising that many of our electricity generation assets would continue to provide value for ratepayers long after their contracts expire. We are also prioritizing choice for electricity consumers. Our government will update regulations and work with the Ontario Energy Board to update rules to better value energy storage and distributed-generation resources within our electricity system. Technological advances driven by many Ontario-based innovators will help drive new choices across the system. Large-scale pump storage and compressed-air storage can help us get full value from existing resources while also meeting our greenhouse-gas-reduction targets. And as a distribution-connected resources continue to increase in rates of adoption, local firms like Opus One Solutions are helping system operators and local distribution companies the world over better understand and manage the impact of distributed energy such as rooftop solar on our grid.

A major goal of our realistic plan will be to ensure that government and its agencies take the steps required to give consumers large and small the tools required to make energy choices that work for them. An example of these choices are the Ontario Energy Board's regulated price plan pricing pilots currently being undertaken in Barrie, Vaughan, London,

and Oshawa. The results of these pilots will help us move forward to give families, individuals, and seniors more flexibility and choice when it comes to matching their lifestyles with the time-of-use prices they pay for their electricity usage.

[Speaking French] Finally, I must speak about the opposition. Since I became Minister of Energy, the Conservatives and the New Democrats have spent a lot of time criticizing the approach taken by our government on this file. However, they have offered very little in return as far as proposing credible and realistic ideas. The Conservatives would lead us on a path when we would spend millions on legal fees to tear up contracts and dial back on money- and energy-saving conservation programs. These two irresponsible ideas would make electricity bills rise.

In closing, I need to mention the opposition. Since becoming the Minister of Energy, the Conservatives and the NDP have spent a lot of time criticizing every aspect of our government's approach to this file. But they have offered very little in return when it comes to credible and realistic ideas. The Conservatives would take us down a road where we would spend millions of dollars on legal fees to tear up contracts and dial back on money- and energy-saving conservation programs. The result: reckless ideas that would drive electricity bills up. The NDP oppose nuclear power, the most reliable, clean, and affordable baseload generation available to the people of Ontario today, and would like to spend \$10 billion dollars to nationalize Hydro One. The result: higher electricity bills and a major cost to the Treasury. Both parties voted against Ontario's Fair Hydro Plan, the single largest rate reduction in the province's history, and I'd like to challenge both Patrick Brown and Andrea Horwath to finally tell the people of Ontario what they would do differently and what impacts their plans would have on electricity bills. Because our government is committed to this plan. It provides fairness. It provides affordability, and it provides choice for people today. And it charts a realistic roadmap for our energy system in the future. Thank you. Merci. And I'm happy to take your questions.

Media Questions:

Q. Lamoureux: [Speaking French] Hello Minister, we'll start in French. Can you tell us what will this change in people's lives? For consumers, what are the advantages? And maybe be more specific about when you talk about a wider choice of electricity billing plans. In English to help you –

[Speaking English] A greater choice in the electricity price plans.

[Speaking French] And you're speaking about piloting alternatives. So what does this mean?

[Speaking French] There is a new plan. The government is working with the OEB to give people a new opportunity to see their usage of electricity. And for example, a senior,

[Speaking English] older adults, older adults that would be using their electricity during the day compared to someone who would be using their electricity at night. So someone who is a condo-dweller here in Toronto.

[Speaking French] There is a choice for people to see their usage of electricity and change it to reduce their bills and another opportunity to change the

[Speaking English] the amount that they use. So that was French and English.

Q. Lamoureux: Okay, and can we do that in English as well just to make sure I

understand?

So retail price plans is a good opportunity for the government and the OEB to do these pilots to see how we can give people that choice. So with the plan being called Fairness and Choice, it is important that people look at their usage. So I use my hometown of Sudbury for example. So the seniors that are in my town of Sudbury, they use a lot of power during the day, but folks like my staff that work, you know, work here in Toronto, they're never home. They never use electricity. So why don't we look at utilizing our plans differently? So the retail price plan was a choice that we provided to Alectra and to London Hydro and Ottawa – or Oshawa PUC to run these pilot projects to see how people can actually look at if they work night shift. If they do different types of things to have a different type of time-of-use price plan to lower their consumption, lower their bills, and then at the same time still help the overall system.

Q. Carter: Thank you Minister. Your document here shows the price that people will pay for their electricity but not the true cost. Does that not make this just a purely political document? You don't detail what the real cost of electricity is.

So I have some tabs on my book here. So are you talking about Page 27, the electricity price outlook?

Q. Carter: Well yes so I mean I can't actually –

Sorry. Okay so on page 27 when we have –

Q. Carter: Actually 28, if you look at 28, right, so you've got your 2017 LTEP –

Yep.

Q. Carter: You've got your prices as of 2017.

So 27 – page 27 or 28, it all come ups – it all comes to the same thing. So the question relating to the true costs, this – that is the true cost. The true cost has always involved the financing of the debt. The 1970s, when they were building the nuke plants, when we were building hydroelectric dams, to this day have always been part of that. And so, you know, we've always amortized the debt and then included that in the cost of electricity. So nothing has changed here.

Q. Carter: But you have made a political decision Minister to debt-finance to be able to bring down prices or rather bring down costs that people pay. But that's not the true cost of electricity because all of that debt is going into Ontario Power Generation.

But that's the way we've always done it. That's the way it's always been done. And so what you're seeing right now is the true cost of electricity in this province. By looking at the – as I said, the nuke plants from the 70s, if we're financing a hydroelectric dam, if we're even talking about wind and solar farms that we are putting out there right now, all of that has always stayed on the electricity rate base. And that's why we've kept it there, to make sure that the true cost of electricity is shown when people get their bill.

Q. Giovanetti: Thank you. Minister, this is a no-drama plan and it's on the cusp of what experts around the world are saying is going to be a massive disruption in the way that electricity is produced globally. I guess what I'm wondering here is are taxpayers going to be on the hook if ratepayers decide they don't want to buy this expensive government

power anymore?

Couple of things to that. So I believe you're probably looking at the – not that I want to keep referring to this but it is an important one – the supply and demand outlook page. So why you call it what was it? Dry? I don't know.

Q. Giovanetti: No drama.

No drama. This is an actually a very exciting – an exciting – I was trying to find another way of saying drama; it's not going to work. It is a very exciting document because, you know, the stakeholders that are in the room, you know, just beside us, many of these companies are providing world-leading technology. You know, I can think of Opus One. I can think of NR storage, you know, NR Stor. There's – there's so many great companies out there that are actually going to do fantastic things not only for the rate base here in Ontario and in Canada, but around the world. And so we're making sure that we're going to continue to have a system that will evolve to match that. And that's why Market Renewal is so important because we are rebuilding the foundation of our electricity system. Market Renewal is that rebuild where we have a new foundation, and that new foundation is going to allow us to adapt and modernize so as more and more homeowners, businesses, get on the new technology, the innovation bandwagon so to speak, and start utilizing this embedded generation that we know is coming – that's why we're making some of the changes with net metering and a few other things – that we're going to ensure that we continue to have a strong electricity grid, but we're also going to make sure that we can support this innovation and make sure that people can harness this to lower their bills and utilize the demand that we foresee coming. Yes we're talking about on this one that demand is going to have a slow progress. But we are projecting as well that we could see an uptick with electric vehicles, right? We're talking about 2.4 million by 2030, so, you know, that's about 140-some thousand electric vehicles that we need to start getting on the road now every year. So, you know, utilizing that. There's lots of innovation and there's lots of excitement in the sector and that's what I think has really helped me and the ministry and our stakeholders drive these – this plan that we have because innovation is so exciting. You know, when you look at this portfolio that I've taken over. Yeah, it's got its politics, but it is a very exciting, exciting system and an exciting sector because we're involved in the economy. We're involved in health care. We're involved in the environment. And because of having an over-90-per-cent GHG-free electricity system we are the tip of the spear in making the changes that people can be proud of and know that the energy that we're using in this province is actually helping us meet our climate change goals, and at the same time utilize the innovation to help us lower our bills at the same time.

Q. Reevely: We've heard previously about how consumer choice is going to help people take control of their bill. Smart meters were supposed to do that. There have been other measures. That seems to be an emphasis in this plan as well, but in the past what's tended to happen is no matter what people do, their bills go up. Is that going to be different this time and if so, how?

First off David, nice to hear you. Hope things are well in Ottawa. Second thing, we're going to continue to utilize innovation and utilize the data that we are able to get from smart meters to be able to help consumers make the right choices and lower their bills. An example of that is Green Button, Green Button technology. It is talked about in the Long-Term Energy Plan and it is a very exciting piece, and I know London Hydro for example has that underway as a pilot project. And the technology of the Green Button again is this big data that we're going to be able to start utilizing because of the

information that we're getting from our smart meters. So by utilizing the Green Button, you can control your electricity, your energy use at home, not only just by a thermostat but by actually having power bars and equipment – if it's refrigerators, stoves, whatever it is, you can actually have algorithms now set up to ensure that they can actually utilize and lower your consumption to help you lower your bills and save on the – save the overall system. Demand response, again something that is a benefit to the entire system, another benefit of actually reducing rates wouldn't be able to happen as effectively and as efficiently as possible if it wasn't for these smart meters. So, you know, the plan talks about innovation, the Long-Term Energy Plan talks about innovation. We have been on the – as I say often – the tip of the spear when it comes to innovation and this will actually help us lower consumption and lower bills for anyone that wants to participate in it.

Q. McCarthy: Hi Minister. On storage, the benefit of storage is taking up electricity that's essentially being wasted now or is an oversupply. So aren't we just adding additional costs into the system? What's the real savings here for the Ontario consumer in terms of building yet another industry that is going to be part of the system?

So storage is a game-changer. Storage is actually going to allow consumers both large and small, commercial or residential, actually look at ways of utilizing the system more effectively, because storage can be used both as a generator or as load. And so allowing storage to get into the game a little more fairly will actually help us reduce costs, and that's part of this overall plan. When we talk about fairness and choice, it's making sure that it's a fair playing field for everyone. And so giving storage the opportunity to start storing the renewable energy that we can produce during the day. You know in places like California and even here in Ontario with the amount of sunshine that we get, we currently have that duck curve and the duck curve relates to the amount of energy that's produced during the day by the sun. But we can't utilize it all. So now that we can bring storage into the mix, we can actually then store a lot of this electricity that's generated by the sun and then utilize that at night when the sun obviously isn't shining. So storage is that game player. It allows us again to utilize the system more efficiently and more effectively. And that I think is the important thing for us to look at in all of this is we've demonstrated history of finding ways to reduce costs out of the system and storage will also be another one of those players that will allow us to do so.

Q. Jones: Minister, the plan says that bills in 2027 are going to be lower than what the last LTEP projected for 2027 and lower than what the previous one before that projected. Are these projections inflated or overly pessimistic, by which I mean is this sort of an exercise like budget deficits? Come out with a big number and say, 'surprise, we beat it again.'

We're starting off so – so let's look at – can I just take one second – I wave my hands a lot so (inaudible) – could have a lot of water everywhere. We started off – if you want to look at the 2010 Long-Term Energy Plan – and I said that you know we need to be about \$200 per month. That's what we were projecting then. Now we're at \$130 approximately. If you're going to 2027, we've now lowered rates by 25 percent. Right?. That's a fact. So the progression that we've talked about a more amortizing, smoothing out you know through the Fair Hydro Plan all of our costs. This is what we're projecting the costs will be. And so we're starting from a lower place, we're starting from a lot lower place than where we would have in 2013. So you know we're going to see some fluctuations. Right? But that's why we've got the experts that we've done that's while we did the most extensive consultation that we've ever done as a ministry. You know we talked to in 17 communities, we talked with our Indigenous people, we've talked with energy leaders to make sure that we can get as much input as we can, to make sure that our projection is

as accurate as can be.

Q: Bliss: Two quick ones minister. On page 58, you talk about proposing legislative and regulatory amendments that would allow third party providers to own operate net metered. When do you propose to table that legislation?

So we started with net metering. We made some changes in July. We're hoping to get all of those changes in place by January. And then again by July of 2018. So that's kind of the plan on where we're seeing that. We got to continue to work with our stakeholders to make sure that we get this right because there are some concerns out there about how you would bring some third parties into it and how you know so consumer protection is very important for us on this. So we do have to make sure that we get that right but where we're moving forward with January to start more of those changes in in 2018.

Q: Bliss: Okay and finally in your remarks and I hate to agree with Alan Carter but sometimes we see guys right

It's you TV guys, right? You gotta stick together.

Q: Bliss: We stick together with makeup and hair. You know in your speech you talk about how in 2010 the Long-Term Energy Plan showed bills would be \$200 a month in 2020. But guess what. In 2020 they're all going to be \$130 a month. Well that's because you guys artificially cut prices by 25 percent and then you go on to say the Tories would spend millions to tear up contracts and that is reckless. But you're spending \$400B in interest more than you even have to, to give us this artificial price cut. My question is why do you continue to so heavily politicized pretty much the most important service Ontarians require to live their lives?

So two things. That \$4B, again was an FAO number from a point in time which we've already said isn't going to be anywhere near that high. We've actually brought down the cost of debt. So yes you get, you understand that component. But the other part that is important to recognize is it's not just the Fair Hydro Plan that that was the 25 percent reduction but the facts are that we actually have taken costs out of the system; we have demonstrated that.

We haven't had to build new nukes because our conservation is actually providing more power now than solar and wind.

Q: (Inaudible)

Well but we're also making sure that you know solar and wind and conservation of actually help us with that. The next point is you know we renegotiated the Samsung agreement; we canceled the LRP 2. We have market renewal coming in place in 2021 and over 10 years that's going to save us \$5.1B. So we have shown that we have taken costs out of the system and we know there's more that we can do and we're going to continue to work hard. For example, we know there's \$1.2B in savings if we can get our 68 utilities to continue to look at voluntary consolidation. We have you know Electra looking at Guelph; we had a Hydro One looking at buying some of the other utilities that are out there. We know that there can be savings through consolidation or amalgamation or working together. So you know we've got this projection out there but we're going to continue to work to take costs out of our system. You know I would have loved to come out here as an MPP and the Minister of Energy and say you know what. We're freezing all rates. We're going to freeze all rates we're not going to see an increase. But we know where that got us. Right? We remember the rolling brownouts; we remember the

blackout and we know that we had to rebuild the system that cost the \$70B. So we're not going to do that again. This is an achievable plan. This is a realistic plan and we've shown in the past that we can take costs out of the system. So that's why I've always said I'm bringing you this plan right now but when I'm done I go back into my office I roll up my sleeves and will continue to find ways to take costs out of the system for the benefit of all ratepayers in this province. Thanks everybody.

N.B.: Comments captured are not verbatim quotes

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