REMARKS
Minister of Energy Glenn Thibeault
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- Thank you Madame Chair and esteemed Committee members.
- I'm pleased to be here today to discuss the Ministry of Energy's estimates.

ACKNOWLEDGEMENTS

- I'd like to begin by introducing my ministry's senior management team.
- Members include:
  - Deputy Minister Serge Imbrogno;
  - Assistant Deputy Minister of the Energy Supply Policy Division, Steen Hume;
  - Assistant Deputy Minister of the Conservation and Renewable Energy Division, Kaili Sermat-Harding;
  - Assistant Deputy Minister of the Strategic, Network and Agency Policy Division, Carolyn Calwell; and
  - And Assistant Deputy Minister of Corporate Services and Chief Administrative Officer, Rob Burns.
- We are also joined by Scott Nelms, the Assistant Deputy Minister from the Electricity Investment and Governance Secretariat at the Ministry of Finance.
- This team works hard overseeing Ontario's $20 billion electricity market.[i]
- Today, I will provide an overview of the Ministry of Energy's notable achievements.
- But before doing so, I will first outline my ministry's mandate to provide context.
- The Ministry of Energy is responsible for setting the legislative and policy frameworks that are instrumental to provide a , clean, reliable and affordable energy system that benefits all Ontarians.
- Equally important, the ministry develops and advises on all aspects of the province's energy policy, including electricity, natural gas and oil.
- That's not all the ministry does.
- It also oversees the Ontario Energy Board (OEB), the Independent Electricity System Operator (IESO), and Ontario Power Generation (OPG).
- And represents the Province as the largest shareholder of Hydro One.
- Finally, the ministry works with partners inside and outside government to promote energy conservation-related initiatives, and develop the electricity generation, transmission, distribution system and other energy-related facilities that power our economy…
- Specific to the ministry's mandate, the Premier issued a mandate letter in 2016 setting out my ministry's key priorities.
- These priorities – available online – are as follows:
  1. Developing the province's next Long-Term Energy Plan;

2. Engaging with Indigenous partners in energy planning decisions and supporting economic development and reconciliation;
3. Promoting energy conservation and the adoption of renewable energy;
4. Supporting the transition towards a low-carbon economy and reducing greenhouse gas-(GHG) related pollution;
5. Driving efficiencies and maximizing return on investment from the electricity sector; and
6. Taking further action to mitigate the impact of electricity prices on consumers and businesses.

- I would like to discuss the progress we've made in meeting these objectives.
- Let's start with the Long-Term Energy Plan – or the LTEP – as it's commonly referred as.

1. LTEP Engagement

- The LTEP is a road map that broadly sets out the direction for Ontario's energy future over the next 20 years.
- The province released its first LTEP in 2010.
- Three years later, Ontario released an updated LTEP, *Achieving Balance,* and has been implementing the plan since then.
- Then, in 2016, the Ontario government passed the *Energy Statute Law Amendment Act,* which enshrined a long-term planning framework that builds upon the robust process used to develop the 2013 LTEP.
- This legislation also ensures that energy planning adopts a transparent, pragmatic approach…
- And that future LTEPs adhere to the following objectives:
    - Affordability;
    - Reliability;
    - Clean energy;
    - GHG emissions;
    - Community and Indigenous engagement; and
    - Conservation and demand management.

- In addition, the legislation empowers the IESO to undertake a competitive selection of transmission-related procurement, when appropriate.
- This competitive approach will also ensure that Ontario ratepayers get the best value from energy-related infrastructure investments.
- Developing the LTEP is a highly collaborative process that involves Indigenous communities, stakeholders and government agencies.
- And provides Ontarians with an opportunity to share their feedback.
- With this in mind, we launched the LTEP engagement process in the fall of 2016.
- Ontarians participated in this important conversation in three ways…
- First, the ministry organized stakeholder consultation sessions and public open houses in 17 communities across the province.

- More than 500 people attended these stakeholder consultations and hundreds of people attended the public open houses.
- We also hosted 17 engagement sessions with Indigenous communities to provide First Nation and Métis community members with an opportunity to share their unique perspectives and input on the LTEP process.
- Ministry officials travelled to remote parts of this province to engage with members of First Nations communities to gather their feedback.
- Secondly, we launhced Energy Talks, an online survey that also featured a comment section.
- The third way Ontarians participated in the LTEP conversation was by sending written submissions via the Environmental Registry.
- Added to this:my ministry released three foundational documents to help inform the LTEP engagement process
- The first was a ministry-produced discussion guide.
- The second document was the IESO's *Ontario Planning Outlook* (OPO)
- An electricity technical report that presents the IESO's planning outlook from 2016 to 2035.
- The third document – and developed for the first time as part of the LTEP engagement process– was the Fuels Technical Report.
- This report provides a comprehensive overview of the current state of Ontario's fuels sector.
- Upon completing the LTEP engagement process, the ministry set to work on developing the 2017 LTEP, based on the feedback received.
- The LTEP is slated for a fall releaseand.
- I'd now like to dicuss the second mandate letter commitment….

2. Engaging with Indigenous partners in energy planning decisions and supporting economic development and reconciliation

- Building trustiful relationships with Indigenous Peoples is a strong priority for the Government of Ontario.
- The Ministry of Energy actively engages our Indigenous partners in energy planning decisions and supporting economic development and reconciliation.
- And we take our duty to consult very seriously.
- The proof is in the progress we've made working with First Nations and Métis people and communities.
- As mentioned earlier, my ministry undertook an extensive engagement process in the fall of 2016 and early 2017 to update Ontario's LTEP
- More specifically, the ministry held 17 Indigenous engagement sessions across the province, which included almost 200 attendees from nearly 100 First Nation and Metis communities and organizations.
- The feedback received from First Nation and Métis individuals, communities and organizations is critical to informing the policies and programs that will ensure the continued involvement of Indigenous communities and organizations in the energy sector, including generation, conservation, and major transmission line projects.

- It’s also worth mentoning that Indigenous communities are critical partners in Ontario’s energy sector.
- First Nation and Métis communities, across the province, are leading or involved in renewable generation, transmission and conservation projects, and many are also engaged in community energy planning.
- A telling example of this can be found in the important role Indigenous communities play in Ontario’s renewable energy sector.
- Presently, First Nations and Métis communities and organizations are leading or partnering in more than 550 wind, solar and hydroelectric projects, largely as a result of incentives in the Feed-in Tariff (FIT) program.
- These projects, including other non-FIT generation such as the recently opened Peter Sutherland Sr. Generating Station, have a contracted capacity of over 2,000 Megawatts (MW) of clean energy – enough to power about 700,000 Ontario homes annually.
- Having discussed the important role Indigenous communities’ play in the province’s renewable energy and conservation sector, I’d now like to discuss more broadly the third mandate letter commitment: promoting energy conservation.

3. Promoting Energy Conservation

- Energy conservation and energy efficiency are the cleanest, most cost-effective energy resources we have, and provide many benefits to Ontarians.
- Conservation offers families and businesses a way to save money on their energy bills.
- And electricity conservation , by its very nature, reduces the strain on our electricity system and the need to build expensive electricity infrastructure that help mitigates upward pressure on electricity prices.
- I’d now like to discuss some of initiatives my ministry put in place to promote energy conservation.
- This includes the ministry’s long-term electricity conservation target.
- As stipulated in the 2013 LTEP, Ontario adopted a policy of putting Conservation First before building new energy infrastructure, wherever cost effective.
- The 2013 LTEP also included a long-term electricity conservation target set at 30 Terawatt Hours in 2032.
- This is expected to offset almost all of the forecasted growth in electricity demand over the next 20 years.
- The ministry aims to meet this target through a combination of programs and improved building codes and product efficiency standards.
- Conservation First also means building a culture of conservation in this province.
- And one proven way to build this culture is through energy efficiency regulation.
- Over the past 25 years, Ontario has diligently set energy efficiency standards for a wide range products and appliances using all fuels found in all sectors.
- In fact, we were the first jurisdiction in Canada to do so.
- Since 2013, Ontario has set or improved new efficiency standards for over 60 products.
- These gains in energy efficiency have endured…

- And, in the process, helped consumers save on their energy bills.
- Conservation leads me to another related mandate letter commitment: adopting renewable energy.

4. The Adoption of Renewable Energy

- To its credit, Ontario has made important strides in adopting renewable energy.
- Between 2005 and 2015, the share of installed renewable capacity in our province's supply mix grew from 26 per cent to 40 per cent.
- This breaks down as follows:
    - 4,800 Megawatts (MW) of online wind power – enough electricity to power about 1.3 million homes each year. Added to this, Ontario has approximately 1,300 MW of additional contracted wind capacity yet to come online;
    - 2,300 MW of solar photovoltaic (PV) capacity online – enough electricity to power approximately 300,000 homes each year. Our province has contracted approximately 500 MW of additional solar PV capacity yet to come online;
    - 500 MW of bioenergy capacity online with around 8 MW of additional capacity also yet to come online; and
    - 8,800 MW of installed hydroelectricity capacity with about 200 MW of additional capacity to come online.

- Ontario has approximately 16,300 MW of renewable energy currently online, with approximately 2,000 MW of additional contracted renewable capacity yet to come online.
- Our unparalleled leadership in renewable energy should be a point of pride for all Ontarians.
- It also validates our efforts to support a clean energy system, which includes initiatives such as:

    - A FIT program that has made it easier for homeowners, small businesses, farmers, not-for-profit groups, community groups, and First Nation and Métis communities to participate in renewable energy projects; and
    - The first phase of the Large Renewable Procurement (LRP I), which introduced strong competition among developers of large renewable projects to help drive down the price, and in the process, secure clean, reliable generation for the province;

4. Reducing GHG emissions -related pollution, supporting the transition towards a low-carbon economy and the end of coal

- While these initiatives, collectively, helped bolster renewable energy generation…
- There's one achievement I'm particularly proud of…
- The fact that Ontario eliminated coal-fired electricity generation in 2014.
- Al Gore hailed this as "the largest greenhouse gas reduction project in North America."
- Cutting out coal was also supported by a majority of Ontarians.
- According to an EKOS poll conducted in May of 2016, 74 per cent of Ontarians surveyed said that phasing out coal and supporting renewable power was the right thing to do. [ii]

- Then there are the environmental benefits to consider by cutting coal.
- First, cutting out coal reduced Ontario's GHG emissions by 30 mega tonnes – the equivalent of removing seven million cars from the province's roads.
- Secondly, it eliminated some of Canada's largest sources of pollution –including greenhouse gases such as carbon dioxide.
- Thirdly, going coal-free contributed to a significant reduction in smog advisories and improved the air quality across the province.[iii]
- Ontario's success in reducing GHG emissions brings me to the fourth mandate commitment: continuing to reduce GHG-related pollution and supporting the transition towards a low-carbon economy.
- On both fronts, I can confidently say the ministry is doing its part.
- For example, according to the IESO's OPO, GHG emissions from Ontario's electricity sector fell by over 80 per cent between 2005 and 2015. [iv]
- And moves us one step closer in meeting the province's GHG emission reduction targets.
- These targets are outlined in Ontario's Climate Change Action Plan (CCAP).
- The CCAP includes recommended actions that will affect our province's future energy use.
- Actions that include:
    - Helping homeowners and businesses purchase and install low-carbon energy technologies such as geothermal heat pumps and air source-heat pumps, solar thermal and solar energy generation systems that reduce reliance on fossil fuels for space and water heating;[v]and
    - Increasing the availability and use of low-carbon fuel such as propane, liquefied gas and gasoline mixed with renewable fuel content such as ethanol. With this in mind, Ontario plans to implement a new regulation that will lead to a five per cent reduction in GHG pollution from gasoline by 2020[vi]; and

- I've only listed some of the measures our government is pursuing to reduce our province's carbon footprint.
- This brings me to the fifth mandate letter commitment : driving efficiencies and maximizing return on investment from the electricity sector.

5. Driving efficiencies and maximizing return on investment from the electricity sector

- Ontario's electricity system is constantly evolving…
- And the IESO is presently leading a Market Renewal initiative that will result in an ambitious set of initiatives aimed at fundamentally re-designing Ontario's electricity markets.
- And in the process, ensure that our future energy needs are met in a reliable, flexible, clean and most importantly, cost-effective manner.

6. Taking further action to mitigate the impact of electricity prices on consumers and businesses

- I'd now like to discuss the final mandate letter commitment…
- Which my ministry has made considerable progress in carrying out.
- Namely, mitigating the impact of electricity prices on consumers and businesses.

- Addressing electricity prices also dovetails with another mandate letter commitment: driving efficiencies and maximizing return on investment from the electricity sector.
- Thanks to Ontario’s Fair Hydro Act (OFHA) which officially passed in May, we’re woking on meeting borth commitments,
- But before providing an overview of this ambitious, precedent-setting legislation…
- I’d like to discuss some other measures that were implemented to reduce energy costs.
- Measures that include….
- A new agreement with Quebec aimed at limiting GHG emissions by making Quebec's renewable energy supply available to Ontario, through their operator, Hydro-Québec, and Ontario's IESO.
- Under this agreement, the IESO will purchase 2 terawatt hours annually from Hydro-Quebec over a seven-year period, from 2017 to 2023.
- Enough electricity to power Kitchener for a year.
- The agreement will also reduce electricity system costs for Ontario consumers by about $70 million from previous forecasts.
- And reduce our electricity sector’s GHG emissions by approximately a million tonnes per year.
- But our cost-saving measures don’t end there…
- As a result of annual price reviews, revised procurement totals, and the introduction of competitive procurement for large renewable projects, the FIT, microFIT and LRP I initiatives…
- These initiatives taken together are expected to cost at least $3 billion less than forecasted in the 2013 LTEP.
- Added to this, we suspended the second Large Renewable Procurement program , as well as the Energy from Waste Offer Program.
- Combined, these two measures have provided up to $3.8 billion in savings.
- On top of this, we recently provided eligible rural ratepayers with an additional $116.4 million of financial relief through the Rural or Remote Electricity Rate Protection (RRRP).
- And announced a further expansion of eligibility for the Industrial Conservation Initiative (ICI), lowering the threshold of the program from 3 Megawatts to 1 Megawatt and even further to 500 Kilowatts for certain consumers involved in manufacturing and greenhouses.
- Providing up to one-third in savings, on average, for eligible consumers.
- Then there are the nuclear energy-related cost-saving measures to consider.
- This includes deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated $15 billion in new construction costs.
- Instead, we opted to focus on our existing nuclear fleet, and commenced with Darlington’s refurbishment.
- A project, once finished, will also secure 3,500 MW of affordable, reliable and emissions-free power.
- However, despite these cost-saving measures, electricity rates in Ontario continued to rise.

<u>Ontario’s Fair Hydro Plan</u>

- Members of this committee, I stand before you today to declare, as a government, we've taken appropriate actions to lower Ontaraians' electricity bills.
- On May 31, 2017, legislation relating to Ontario's Fair Hydro Plan (OFHP) was officially passed.
- Thanks to this legislation, electricity bills were lowered by 25 per cent *for typical residential consumers* starting this summer.
- Up to 500,000 small businesses and farms are also benefiting from this initiative.
- And we plan to cap rate increases to inflation for four years.
- I should add: this 25 per cent reduction includes the eight percent rebate on electricity bills provided for under the *Ontario Rebate for Electricity Consumers Act, 2016,* which is equal to the provincial portion of the Harmonized Sales Tax, effective as of January 1 of this year.
- The OFHP is also helping vulnerable electricity consumers.
- First, we enhanced distribution rate protection to provide delivery charge relief to approximately 800,000 customers – up from 350,000
- This enhancement benefits consumers served by local distribution companies with some of the highest distribution rates.
- These saving took effect on July 1, 2017.
- I should emphasize: specific rebate amounts are dependent upon the OEB's rate-setting processes.
- Secondly, through the OFHP, the Ontario Electricity Support Program (OESP) – which lowers electricity costs for the most vulnerable through a rebate on their monthly bills – will increase credits by 50 per cent and expand eligibility.
- Changes to the OESP came into effect on May 1, 2017.
- In addition, our Ministry is working with the Ministry of Community and Social Services to increase participation in the OESP for those customers already enrolled in other provincial social assistance programs.
- Thirdly through the OFHP, as of July 1, on-reserve First Nations residential customers, serviced by licenced distributors, will receive a 100 per cent credit of the delivery line on their monthly electricity bills.
- The Ontario Energy Board estimate this initiative will provide residential customers an average monthly benefit of $85 (or $1020 per year) for approximately 21,500 on-reserve First Nations residential customers.
- That's not all.
- The OFHP will also establish an Affordability Fund to provide energy efficiency measures to those Ontarians who do not currently qualify for low income conservation programs, and are unable to make energy efficiency improvements without support.
- Collectively, these changes represent the *single-largest* reduction to electricity rates in Ontario's history.
- But it doesn't end there.
- The OFHP will effectively change how these measures will be funded.
- Previously, the cost of maintaining a clean, modern and reliable electricity system was disproportionately placed on the shoulders of electricity ratepayers.
- Under the OFHP, the electricity support programs I've highlighted would be funded by the provincial tax base.

- The fiscal costs of this relief, and the restructuring that will occur, will cost the province about $2.5 billion over the next three years.
- Fortunately, thanks to a strong Ontario economy we have the means to cover this cost.
- Last year alone, Ontario's GDP grew by 2.7 per cent, twice the rate of growth of Canada. [vii]
- Members of the committee, the Fair Hydro Plan has brought electricity rates and they will stay down for the near future, and most importantly, benefit families and small businesses from across the province.On that note, I'd like to thank the esteemed members of this committee for the opportunity to speak today about the important priorities my Ministry has – and will continue – to pursue
- Thank you

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[i] IESO's website: http://www.ieso.ca/en/sector-participants/market-renewal/market-renewal-working-group

[ii] Environmental Defence May 25, 2016 new release: New Poll Shows Ontarians Strongly Support the Province's Green Energy Policies: http://environmentaldefence.ca/2016/05/25/new-poll-shows-ontarians-strongly-support-provinces-green-energy-policies/

[iii] Ibid

[iv] IESO's OPO, page 4

[v] Ibid, page 27

[vi] Ibid, page 8

[vii] Page 3 2017 Ontario Budget speech