

Minister Thibeault's Keynote Speech for Second Reading of Ontario's Fair Hydro Plan
May 11, 2017 (TBC)
Word Count:

Introduction

- Good morning/afternoon members of X Committee.
- I'd like to thank everyone here today for the opportunity to discuss the proposed Ontario Fair Hydro Plan.
- An ambitious plan that will deliver the single-largest reduction to electricity rates in Ontario's history.
- But before providing a summary of this precedent-setting plan, I'd like to explain why electricity rates in this province have increased over the past 10 years.
- A challenge that the plan I'm introducing today will effectively address.

Investing in Ontario's Electricity System

- Let's begin with a brief overview of the Ontario electricity sector's current state.
- By all accounts, Ontario benefits from a robust, reliable and diverse supply of electricity.
- According to the Independent Electricity System Operator's (IESO) Ontario Planning Outlook (OPO), released last fall as part of the Ministry of Energy's Long-Term Energy Plan consultation process, Ontario is well-positioned to meet its electricity needs over the next 10 years. ⁱ
- This decade's worth of secure energy supply is directly attributable to the large-scale investments the Ontario government made to modernize and upgrade the electricity system.
- Important investments that included more than \$50 billion in electricity generation and grid infrastructure across the province since 2003. ⁱⁱ
- This is a significant number, and clearly demonstrates the Ontario government's ongoing commitment to improve the energy system.
- Many of you may remember that prior to 2003, Ontario struggled with a system that relied on imports and was sorely in need of investment.
- That brought about the possibility of disruptive brownouts and blackouts, including having to endure significant price spikes in the summer of 2002 based on weather and very tight supply.
- Imagine trying to run an automotive assembly line in Oshawa, or a software development company in Ottawa, or a manufacturing plant in home riding of Sudbury under the pervasive threat of debilitating power failures.

- Now, fast forward to the present day, Ontario's electricity supply is not only robust.
- It's also clean and green.
- And to quote that same Ontario Planning Outlook, since 2005, greenhouse gas (GHG) emissions from Ontario's electricity sector have fallen by 80 per cent. ⁱⁱⁱ
- That's a significant reduction.
- Because of this substantial de-carbonization of Ontario's electricity sector, greenhouse gas (GHG) emissions, stemming from Ontario's grid, were approximately 4 per cent of the province's total GHG emissions in 2015.
- Or seven megatonnes of GHG emissions. ^{iv}
- That's an incredible accomplishment in and of itself.

The End of Coal

- Especially when you consider that in 2003, coal represented 25 per cent of Ontario's electricity supply mix.
- It's also an important testament to the incredible foresight and fortitude it took for Ontario to rid itself of dirty coal.
- The benefits of eliminating coal-fired electricity generation are many.
- Topping the list are the environmental benefits.
- Cutting coal reduced the province's GHG emissions by 30 mega tonnes – the equivalent of removing seven million cars from Ontario's roads.
- Al Gore hailed this momentous achievement as: "the largest greenhouse gas reduction project in North America."
- He also provided our province with some high praise, stating "Ontario has distinguished itself as leader in Canada and around the world." ^v
- Secondly, closing Ontario's coal plants eliminated some of Canada's largest sources of pollution – including greenhouse gases such as carbon dioxide along with other air pollutants such as sulphur dioxide, particulate matter, nitrogen oxide, mercury, arsenic and lead. ^{vi}
- Eliminating coal also resulted in a drastic reduction in smog advisories and improved the air quality across the province. ^{vii}

- Thirdly, doing away with dirty coal-fired electricity generation places Ontario at the forefront in combatting global climate change – one of this generation’s greatest challenges.
- Be it the advent of extreme weather-like floods and droughts, or rising concerns about our ability to grow foods in some regions of Ontario...
- Climate change impacts our daily lives – and we must work collectively reduce our carbon footprint.
- Fortunately, by going coal-free – and doing so a year ahead of the scheduled closure – electricity generation in our province is one step closer in meeting our GHG emission reduction targets.

Ontario’s Climate Change Action Plan:

- These targets, as everyone here knows, were outlined with the November 2015 release of Ontario’s Climate Change Strategy.
- This forward-thinking strategy was followed by the release of the five-year Climate Change Action Plan (CCAP) in June 2016.
- This CCAP essentially outlines the key actions the government is taking – and will continue to take – to reduce carbon emissions in the province.
- And in all likelihood will significantly impact how energy is used in Ontario.
- Of particular importance for Ontario’s energy sector, CCAP also proposes to use conservation, energy efficiency and fuel-switching to reduce the use of fossil fuels such as oil, gasoline and natural gas and increase the use of clean electricity and clean fuels.
- Equally important, CCAP, which leverages the targets set out in the Climate Change Mitigation and Low-carbon Economy Act, 2016, clearly stipulates Ontario’s GHG emission reduction targets.
- Those targets are as follows...
- A 15 per cent reduction in GHG emissions below 1990 levels by 2020, followed by a 37 per cent reduction below 1990 levels by 2030, and subsequently followed by an 80 per cent reduction below 2050 levels. ^{viii}
- And based on greenhouse gas reporting data, available to the public, Ontario has already met its 2014 target in the form of a six per cent reduction in emission levels below 1990 levels. ^{ix}
- The Ontario government also established the cap and trade system, a market-based system aimed at achieving the most cost-effective emissions reductions.
- By definition, a cap and trade program reduces the amount of greenhouse gas pollution released into our atmosphere by setting a limit, or cap, on the amount of greenhouse gases that can be released. ^x
- The cap is dropped each year to lower emissions.

- Large emitters must have enough permits, technically known as allowances, to cover their emissions. If they do not, they can purchase additional permits.
- To that end, the system creates a market for a limited number of pollution permits. Companies that emit more than their allotment can purchase additional allowances through government auctions or through companies that have surplus allowances.
- This ensures the overall cap is maintained.
- Industries are also incented to find new ways to reduce greenhouse gas pollution whether they are buying or selling permits.
- The system rewards innovative companies, provides more certainty for industries, and creates more opportunities for investment.
- I should add: cap and trade's first compliance period began on January 1 of this year.
- And three months later, on March 22, 2017, the program's participants took part in the first auction of GHG allowances.
- And I'm proud to say that all available allowances were sold at a settlement price of \$18.08.^{xi}
- The success of this inaugural auction of greenhouse gas emissions allowances is an accomplishment that Ontarians should all be proud of.
- I would personally like to thank my ministerial colleague, Glen Murray, the Ministry of Environment and Climate Change for helping make this auction happen, and for his continued steadfast work on the climate change file.
- And while we're on the subject of reducing greenhouse gas emissions, a majority of Ontarians support this government's decision to cut out coal-fired electricity generation.
- According to an EKOS poll conducted in May of 2016, 74 per cent of Ontarians surveyed said phasing out coal and supporting renewable power was the right thing to do.^{xii}
- And, as my staff can attest, I am a strong proponent for doing the right thing.
- It's one of the reasons I entered public service in the first place.
- Finally, going coal-free meets two requirements under the federal government's Pan-Canadian Framework:
 - First, that all provinces phase-out the use of traditional coal-fired power by 2030; ^{xiii} and
 - Secondly, that 90 per cent of Canada's electric power generation would be free of GHG emissions by that same 2030 deadline. ^{xiv}
- As a province, we've definitely met the first requirement.

- For a bit of added context, Alberta, where coal represents 51 per cent of its electricity generation, based on 2015 figures ^{xv}, the province plans to generate 30 per cent of its electricity from renewables by 2030.^{xvi}
- Not to be outdone, for Saskatchewan the goal is even higher: 50 per cent renewables by 2050. ^{xvii}
- Between the two provinces, there could be as much as 7,000 megawatts of new renewable energy supply over the next 15 years.^{xviii}
- Of course, Saskatchewan and Alberta aren't the only Canadian provinces to embrace renewable energy sources.

The Importance of Ontario's Renewable Energy Sector

- In a report released earlier this month, the National Energy Board found that renewable energy production in Canada jumped 17 per cent between 2005 and 2015. ^{xix}
- Currently, the portion of all electricity in Canada generated by renewables is now 66 per cent, up from 60 per cent a decade earlier. ^{xx}
- Globally, Canada ranks fourth in renewable energy production, behind China, the United States and Brazil. ^{xxi}
- The National Energy Board's report also stated that wind power in Canada saw the biggest growth from 2005 to 2015.
- In 2015, wind power produced 20 times as much, more than 28,500 gigawatt hours, which amounted to 4.4 per cent of power generation.^{xxii}
- As for solar power, back in 2005, Canada produced almost no solar power at all.
- But in 2015, Canada produced more than 3,000 gigawatt hours.^{xxiii}
- And according to the National Energy Board, Ontarians can take pride in the fact that their province produces a whopping ninety-eight per cent of all Canadian solar production. ^{xxiv}
- That's truly impressive.
- Now, with respect to the second requirement under the federal government's pan-Canadian Framework – that 90 per cent of Canada's electric power generation would be free of GHG emissions by 2030 – Ontario is well on its way in meeting this target.
- Let me take a minute to explain.
- In Ontario, renewable energy currently comprises 40 per cent of the province's installed capacity, and generates one-third of the electricity we produce based on 2016 figures.^{xxv}

- And when combined with nuclear energy, which does not emit GHG's and accounts for one-third of Ontario's installed capacity, as well as producing about 60 per cent of our provinces electricity...
- 90 per cent of Ontario's electricity generation came from clean energy sources in 2016. ^{xxxvi}
- This should serve as another point of pride for Ontarians, and Minister Murray can thank me later.
- Now, this combination of much-needed multi-billion-dollar investments in electricity infrastructure, and the precedent-setting elimination of coal-fired electricity, came at a cost.
- This cost, in turn, led to rising electricity rates that have taken a toll on household budgets across the province.
- As a government, it's time we acknowledged this cost.
- While this acknowledgement matters, actions in my professional experience speak louder than words.

Previous Actions to Reduce Energy Costs

- And in terms of concrete actions, the Ontario government previously introduced a host of measures aimed at reducing energy costs.
- These include...
- A new historic agreement with the province of Quebec that will limit GHG emissions by making Quebec's renewable energy supply available to Ontario, through their operator, Hydro-Québec, and Ontario's IESO. ^{xxxvii}
- Under this inter-provincial agreement, IESO will purchase a total of 14 terawatt hours from Hydro-Quebec over a seven-year period, from 2017 to 2023.
- Of added significance, Ontario will reduce electricity system costs for consumers by about \$70 million from previous forecasts by importing up to 2 terawatt hours annually of clean hydro power from Quebec at targeted times when natural gas would otherwise be used.
- This is enough electricity to power the city of Kitchener for a year.
- It will also reduce the electricity sector's GHG emissions by approximately 1 million tonnes per year.
- On top of this, Ontario will leverage Quebec's highly innovative energy storage capacities to make better use of our own clean energy resources. Ontario, in turn, will also reserve 500 Megawatts of capacity for Hydro-Québec to meet Quebec's winter peak demand.
- This historic, mutually beneficial agreement is a telling example of Ontario and Quebec's long-standing relationship.

- Together, the two provinces form Canada's largest economic region, accounting for about 56 per cent of GDP and 53 per cent of interprovincial trade. ^{xxviii}
- The successful re-negotiation of the Green Energy Investment Agreement serves as the second measure our province took to reduce electricity costs.
- In financial terms, this effectively reduced contract-related costs by an impressive \$3.7 billion.
- But our cost-saving measures don't stop there.
- We also introduced a more competitive Large Renewable Procurement (LRP I) process to help drive down costs by approximately \$1.5 billion, relative to the 2013 Long-Term Energy Plan's (LTEP's) forecast.
- Added to this, we suspended the second Large Renewable Procurement program (LRP II), as well as the Energy from Waste Offer Program.
- These two measures alone provided up to \$3.8 billion in savings, and are also relative to the 2013 LTEP's forecast.
- On top of that, we reduced Feed-In Tariff (FIT) prices with the help of annual price reviews, saving Ontario ratepayers at least \$1.9 billion.
- Also specific to the FIT, we limited the FIT 5 procurement target to up to 150 Megawatts and suspended future FIT procurements – resulting in up to \$129 million in savings.
- That's not all....
- We recently provided eligible rural ratepayers with an additional \$110 million of financial relief via the Rural or Remote Electricity Rate Program (RRRP).
- In addition, we announced a further expansion of eligibility for the Industrial Conservation Initiative, lowering the general ICI threshold from 5 Megawatts to 1 Megawatt and even further to 500 Kilowatts for certain consumers involved in manufacturing and greenhouses.
- This could provide up to one-third in savings for eligible consumers.
- Then there are the nuclear energy-related cost-saving measures to consider.
- Of particular importance is deferring the construction of two new nuclear reactors at Darlington, avoiding an estimated \$15 billion in new construction costs.
- Instead, the Ontario government opted to focus on its existing nuclear fleet, and has now commenced the refurbishment of Darlington.
- This large-scale project is often described as Canada's largest clean energy project. ^{xxix}
- Managed by Ontario Power Generation, Darlington's refurbishment will not only boost economic activity across the province, but will create high-paying jobs in Ontario.

- It will also secure 3,500 Megawatts of affordable, reliable and emissions-free power.^{xxx}
- It's also worth mentioning that, to date, Darlington's refurbishment is progressing well, and is on track to be completed on time and on budget.
- There are also the refurbishment project's estimated economic benefits to consider.

The Importance of Ontario's Nuclear Energy Sector

- According to the Conference Board of Canada, economic activity related to the Darlington's refurbishment and continued operation to 2055, will contribute a total of \$90 billion to Ontario's GDP and increase employment, on average, by 14,200 jobs in Ontario per year.^{xxx}
- In addition, Ontario workers and businesses are expected to receive 96 per cent of the project's economic benefits. ^{xxxii}
- In turn, aside from serving as a reliable, cost-effective and emissions-free source of electricity...
- Nuclear-related technology is an important source of innovative, cutting-edge research and development.
- For example, medical isotopes – a foundation of nuclear medicine that function as safe radioactive substances – are injected into a patient to light up a target organ, so that clinicians using specialized cameras can peer inside a patient's body, at a molecular level, in real-time. ^{xxxiii}
- The wonders of nuclear technology don't end there.
- The neutrons developed in nuclear research facilities help further our understanding of plant nutrition.
- This research, in turn, provides essential information about advancing global food security in today's era of climate change.
- Researchers also use these neutrons to analyze the flow of pollutants in ecosystems, and to evaluate their impact on soil, lakes, streams and organisms.
- But that's not all.
- In the field of material science, neutrons penetrate deep inside materials and provide information about interior structures at the atomic level.
- This makes them valuable for material-related scientific research and for developing advanced materials to benefit clean energy technologies and information technology hardware.
- And specific to the aerospace industry, neutrons are used to detect flaws in parts, which lead to a better lifespan and the safety of aerospace-related materials.

- In addition, research that examines the effects of cosmic radiation on aerospace components will help inform the design of satellites, space telescopes and interplanetary space probes.
- Added to this, nuclear produced neutrons are also used to determine the composition and geological age of Canada's landmasses.
- And help identify deposits of resources, including gold and uranium.
- The many wonders of nuclear technology never cease to amaze me.
- My ministerial colleague, Reza Moridi, the Minister of Research, Innovation and Science would also agree.
- Now, returning to the nuclear energy-related cost-saving measures I was talking about earlier, the Ontario government made a prudent decision to maximize the value of our existing nuclear fleet by starting the Bruce Power refurbishments in 2020, instead of 2016.
- This measure alone will help achieve \$1.7 billion in cost savings relative to the 2013 LTEP's forecast.
- Finally, Ontario will continue operating Pickering up to 2024, pending regulatory approvals.
- This will save ratepayers as much as \$600 million.
- This project would also protect 4,500 jobs right across the Durham region and reduce greenhouse gas emissions by at least eight million tonnes.^{xxxiv}

The Continued Need to Address Rising Electricity Rates

- However, despite the extensive list of cost-saving measures I've highlighted today, electricity rates in Ontario have continued to rise.
- And Ontarians have made one thing abundantly clear: they want substantial relief from high electricity bills, and they want this relief to last.
- Because for some Ontario families, they've unfortunately reached a point where they must make a difficult choice: keeping the lights on at home or keeping food in the fridge.
- No one should be forced to make such a difficult decision.

LTEP Engagement

- This concern over rapidly rising electricity rates was also raised during last fall's Long-Term Energy Plan (LTEP) engagement sessions, organized by the Ministry of Energy, between October 2016 and January 2017
- For those of you not familiar with the LTEP, let me provide some background information.

- The LTEP essentially serves as a road map that sets out the direction for Ontario's energy future for the next 20 years.
- Ontario released the first LTEP in 2010.
- Three years later, in December 2013, Ontario released the updated 2013 LTEP, *Achieving Balance*, and since then has been implementing the plan.
- In 2016, the government passed the *Energy Statute Law Amendment Act*
- This important legislation enshrines a long-term planning framework that builds upon the robust process that was used to develop the 2013 LTEP.
- The legislation also ensures that energy planning takes a transparent and pragmatic approach, and that future LTEPs incorporate 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, in turn, will ensure that Ontario ratepayers get the best value from energy-related infrastructure investments.
- As you can imagine, developing the LTEP is a highly collaborative process that involves the Ministry of Energy's energy-related agencies and stakeholders.
- It also provides an opportunity for people from across Ontario to provide invaluable feedback.
- And with this in mind, as previously mentioned, my ministry launched the LTEP engagement last fall.
- Ontarians participated in this important conversation in three ways.
- The first was travelling across the province to discuss issues related to the energy sector in person.
- There were stakeholder sessions and public open houses in 17 communities across the province.
- We also held 17 engagement sessions with Indigenous communities that provided First Nation and Métis community members with the opportunity to provide their unique perspectives and input into the LTEP process.
- In some cases, officials from the Ministry of Energy travelled to some of the most remote parts of this province to engage with members of First Nations communities to gather their important feedback, firsthand.

- The second manner by which Ontarians participated in the LTEP conversation was through Energy Talks, an online survey divided into eight top-of-mind energy-related themes.
- These themes included:
 - Your Energy Use;
 - Supplying Electricity;
 - Fossil Fuels;
 - Investing in Electricity;
 - the Price of Energy – a popular topic as you can well imagine;
 - Carbon Pricing;
 - In Your Community; and
 - Your Local Utility.
- Energy Talks also included a comment section.
- The third way Ontarians participate in the LTEP conversation was to send written submissions through the Environmental Registry.
- To help inform the LTEP engagement process, the Ministry of Energy released a discussion guide and two technical reports prior to the LTEP engagement sessions.
- The first document was a discussion guide that my ministry developed.
- Entitled *Planning Ontario's Energy Future* this 50-page document was comprised of five informative parts and intended to inform LTEP engagement discussions.
- The second foundation document was the IESO's Ontario Planning Outlook.
- In response to an official request from the Minister of Energy and in accordance with Section 25.29(3) of the *Electricity Act, 1998*, this technical report presents the IESO's planning outlook from 2016 up until 2035.
- The final document – and developed for the first time as part of the LTEP engagement process– is the Fuels Technical Report.
- This comprehensive document, developed by Navigant Consulting Inc., provides a comprehensive overview of the current state of Ontario's fuels sector.
- Both the Ontario Planning Outlook and the Fuels Technical Reports provide outlooks for energy demand that align with initiatives from the Climate Change Action Plan.
- The reports consider how energy demand will change as the province transitions to a low-carbon economy. For example, there are outlooks where demand for electricity increases if the number of electric vehicles increases. As demand changes, the reports identify how this would impact energy supply, transmission and distribution.

- Now that the engagement process is complete, the next step in the process is for the Ministry of Energy to develop the final LTEP based on the feedback received through the process I just described.
- The final LTEP will be posted online and a decision notice will be posted on the Environmental Registry..
- All the comments received through the Environmental Registry will, in turn, be made available to the public following the final LTEP's publication.
- The Ministry of Energy anticipates releasing the LTEP in mid-2017.
- Finally, pending Cabinet approval of the the LTEP and subsequent implementation directives, as Minister of Energy I will do two things:
- First, I will issue directives to the IESO and the Ontario Energy Board asking both entities to develop implementation plans related to the LTEP's goals and objectives.
- Second, I will conduct a review of these implementation plans to ensure the relevant goals and objectives are achieved in the proposed frameworks.
- Now as I was saying earlier, be it the LTEP engagements, my meetings with energy stakeholders and members of the general public from across this great province, I am fully aware of Ontarians' concerns over rapidly rising electricity rates.
- I also vowed to do everything in my power as Minister of Energy to provide much-needed relief from high electricity rates upon assuming the energy portfolio back in June 2016.

Ontario's Fair Hydro Plan

- Well, ladies and gentlemen, I stand before you today in the confines of this committee room to declare that this government is taking appropriate concrete action to provide immediate and substantial relief to help lower electricity bills.
- This relief will also be fair and balanced.
- On this eleventh day of May 2017, the Ontario government is introducing Ontario's Fair Hydro Act.
- If passed, this act would, on average, reduce electricity bills by 25% per cent for residential consumers starting this summer.
- This cost impact is based on a forecast for a comparison household connected to Toronto Hydro that consumes 750 Kilowatt hours per month.

- Actual ratepayer savings, it's important to note, would vary based on differences in consumption patterns and the distribution company involved.
- Up to 500,000 small businesses and farms would also benefit from this initiative.
- This plan would also 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*, equal to the provincial portion of the Harmonized Sales Tax, effective as of January 1 of this year.
- The Fair Hydro Act would also help vulnerable electricity consumers in a multitude of ways.
- Let me explain.
- First, the Rural or Remote Rate Protection program would be expanded to provide delivery charge relief to some 800,000 customers – up from 350,000 today – served by local distribution companies with some of the highest rates.
- As an example, a Hydro One low density customer on electric heat consuming 2,500 Kilowatt hours a month would see their distribution charged reduced by about \$75.
- Specific rebate amounts would be dependent upon the Ontario Energy Board's rate-setting processes.
- Francesca Dobbyn Executive Director of Bruce Grey's United Way said "this evening out of the delivery charge, shouldered by those in rural areas, is great news." ^{xxxv}
- Secondly, Ontario's Fair Hydro Plan proposes to expand the Ontario Electricity Support Program (OESP), which lowers electricity costs for the most vulnerable through a rebate on their monthly bills, by increasing credits by 50 per cent and expanding eligibility.
- These changes to the OESP are effective as of May 1, 2017.
- I think it's also worth mentioning that since its launch on January 1, 2016, the OESP has accepted more than 192,000 low-income households to receive the monthly on-bill credits.
- We're also working with the Ministry of Community and Social Services to increase participation in the OESP for customers already enrolled in other provincial social assistance programs.
- Commenting on Ontario's Fair Hydro Plan, following its early March announcement, the Mayor of Kapuskasing and current President of the Federation of Northern Ontario Municipalities (FONOM), Alan Spacek, was quoted as saying, "We are pleased that electricity ratepayers will see the positive benefits of [Ontario's Fair Hydro Plan] in the near future and the commitment that rates will not increase beyond the rate of inflation for the next four years." ^{xxxvi}
- That qualifies as a strong endorsement in my opinion.
- And as a Northerner, I appreciate the Mayor Spacek's supportive comments.

- Thirdly, if approved, the legislation would eliminate the delivery charge for all on-reserve First Nations residential customers through a new Delivery Credit, and remove the monthly service charge for customers of licensed distributors that charge a bundled rate.
- The Ontario Energy Board estimates that this would provide eligible customers an average monthly saving of \$85, or about \$1,020 per year.
- Added to this, on-reserve First Nations residential customers would automatically qualify – about 21,500 customers in total.
- We would also help facilitate greater information sharing between distributors and band councils to better identify all on-reserve First Nations customers.
- This proposed measure was well received by First Nations communities and leadership.
- Amongst them was Ontario Regional Chief Isadore Day, who said providing the delivery line credit would effectively “reduce energy poverty” in First Nations communities. ^{xxxvii}
- And “allow for a path forward for greater quality of life in those same communities.” ^{xxxviii}
- But that’s not all the Government Plan is doing to provide relief from high electricity bills.
- As part of the Fair Hydro Plan, Ontario is establishing an Affordability Fund that will provide energy efficiency measures to Ontarians who do not qualify for low income conservation programs, and who are otherwise unable to make energy efficiency improvements without financial assistance.
- The Government has already taken the necessary steps to establish a \$100 million Affordability Fund, in advance of legislation that will provide local distribution companies with an additional tool to help customers ineligible for existing low-income conservation programs.
- The Fund works as follows...
- An independent Trust has been established to administer the Fund, including providing oversight and facilitating the efficient distribution of funds to electricity distributors.
- Electricity distributors will apply for funding via the Fund’s administrator to offer energy efficiency measures to those customers in their service territories that meet the targeted eligibility criteria.
- Recipients could receive measures ranging from an average of \$3,000 to \$5,000 per customer at minimal or no cost.
- Measures that could be funded include energy-saving light bulbs (LEDs), power bars, energy efficient window air conditioning units, refrigerators and insulation.
- Developing this fund has been, and will continue to be, a real team effort, with Hydro One and other electricity distributors and stakeholders providing invaluable input.

- Collectively, the proposed changes I've outlined in detail today represent the *single-largest* reduction to electricity rates in Ontario's history.
- But it doesn't end there.
- If passed, this act would change how these measures would be funded – of particular importance following last month's release of a balanced Ontario budget, the first of its kind since the 2008-09 global recession.
- Previously, the cost of maintaining a clean, modern and reliable electricity system was disproportionately placed on the shoulders of today's electricity ratepayers.
- Under the proposed Fair Hydro Act, the electricity support programs I outlined would be funded by the provincial tax base.
- The overall fiscal impact of this relief, and the corresponding restructuring that will take place, 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, for example, Ontario's GDP grew by 2.7 per cent. ^{xxxix}
- That's almost twice the rate of growth of all of Canada.
- On a global scale, it's better than Germany's 1.9 per cent and better than the United States at 1.6 per cent. ^{xl}
- In fact, Ontario's GDP is better than all G7 countries. ^{xli}
- And with respect to Ontario's unemployment rate, in April it was 5.8 per cent – the lowest it has been since 2001. ^{xlii}
- While Ontario's employment rate in 2017 is forecasted to increase by 1.3 per cent or 94,000 net new jobs. ^{xliii}
- Ontario's Fair Hydro Act would also help reduce electricity costs for Ontario businesses – key drivers of our economy – by expanding the Industrial Conservation Initiative program.
- More specifically, we've already taken steps to reduce the eligibility ICI threshold from one megawatt to 500 kilowatts for consumers in the manufacturing and greenhouse sector.
- This business-friendly program would help consumers reduce their electricity bills by providing an incentive to reduce consumption in the highest demand hours, thereby reducing the need for expensive peaking generation over the long-term.
- Finally, I'd like to take a moment to elaborate upon a key component of the proposed Fair Hydro Act: namely, the re-financing of the Global Adjustment (GA) – which accounts for the fixed costs of running Ontario's electricity generation fleet plus the cost of conservation-related programs.

- By its very nature, the GA is instrumental in maintaining a reliable electricity system by ensuring that sufficient generating capacity is available.
- Essentially, under the Fair Hydro Act, we would re-finance a portion of the GA to spread the cost of electricity-related investments over a longer period of time to better reflect Ontario's energy assets' lifespan.
- It's not fair that a senior living in Sudbury on a fixed income pays a premium rate for their electricity use today, so that 20 years from now an Ontario family pays less.
- In an ideal world, and in a more equitable electricity system, everyone in Ontario would pay their fair share to keep the lights on.
- For this reason, under the Fair Hydro Act, a portion of the cost covered by the GA would be financed, in the short term, to reduce pressure on today's electricity consumers.
- They've already done the heavy lifting; it's now time to share the load.
- Ladies and gentlemen, I'm confident that if passed, the Fair Hydro Act will ensure electricity rates come down, stay down for the near future, and most importantly, benefit families and small businesses from across the province.
- Equally important, by providing real, long-lasting relief, the Fair Hydro Act is without a doubt the right thing to do.
- And, as I like to say, it's never too late to do the right thing.
- Thank you everyone.

ⁱ IESO's OPO page 2

ⁱⁱ 2017 Ontario Budget, page 20

ⁱⁱⁱ IESO's OPO page 4

^{iv} Ibid

^v Ontario to be First Jurisdiction in North America to Ban Coal, Environmental Defence press release, November 21, 2014: <http://environmentaldefence.ca/2013/11/21/press-releases-192/>

^{vi} Ontario advises other provinces to keep an eye on hydro bills as coal phased out, Canadian Press, Keith Leslie, November 21, 2016: <http://www.metronews.ca/news/toronto/2016/11/21/ontario-advises-other-provinces-to-keep-an-eye-on-hydro-bills-as-coal-phased-out.html>

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- vii Ontario advises other provinces to keep an eye on hydro bills as coal phased out, Canadian Press, Keith Leslie, November 21, 2016: <http://www.metronews.ca/news/toronto/2016/11/21/ontario-advises-other-provinces-to-keep-an-eye-on-hydro-bills-as-coal-phased-out.html>
- viii LTEP 2016 Discussion Guide, page 11
- ix Ontario First Province in Canada to Set 20130 Greenhouse Gas Pollution Reduction Target, May 14, 2015 MOECC news release: <https://news.ontario.ca/ene/en/2015/05/ontario-first-province-in-canada-to-set-2030-greenhouse-gas-pollution-reduction-target.html>
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