MINISTRY OF ENERGY
SPEAKING REMARKS – DEPUTY MINISTER
2018-19 PROGRAM REVIEW, RENEWAL AND TRANSFORMATION
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Good afternoon.

I am pleased to be here today to present the Ministry of Energy's multi-year plan.

I'd like to begin by introducing the members of my senior management team, who have accompanied me today.

They include:

- 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

- Chief Administrative Officer and Assistant Deputy Minister of Corporate Services, Robert Burns.

The Ministry of Energy is putting forward a plan that will deliver upon the ministry's mandate and commitments, while staying within our preliminary allocation.

I should add: we managed to accomplish this while still contributing significant savings to the fiscal plan

We've refined forecasts for programs under the Ontario Fair Hydro Plan. And we've identified partial surplus from our allocation relating to the sale of Hydro One, which was completed earlier this year.

The Ministry is looking to use a small portion of these savings to offset pressures and required resources put forward in this plan. All told, the Ministry proposed plan is contributing over $34 million[1] savings back to the fiscal plan for 2018-19 and close to $75 million over the three year plan.

This year, the Ministry introduced the Ontario Fair Hydro Plan to help mitigate the impact of electricity prices on consumers and businesses.

This Plan represents $1.6 billion in transfer payment programs, now managed by the Ministry. This accounts for 80% of our allocation next fiscal.

[1] Does not include increased expenses from the IESO and the OEB as those are funded by the rate base and are fiscally neutral.

Today, I would like to focus on a few items related to the Ministry's administration of the Fair Hydro Plan.

The first is resources.

The Ministry has not seen growth in its discretionary operating allocation and we've managed to continue funding services by optimizing our resources and finding efficiencies.

But this is not sustainable.

The Ministry requires some FTEs to cover a variety of program delivery functions that will ensure the successful administration of the Ontario Fair Hydro Plan. These resources will provide the proper level of support and due diligence needed for these programs.

Without, the Ministry would need to reassign staff from their core policy work. This would cause a loss of service delivery on both the policy side and the program administration.

The Ministry is only asking for 19 FTEs to manage $1.6 billion in transfer payments at the cost of $4.4 million. This request represents just over a quarter percent of the overall allocation for these transfer payment programs.

As mentioned earlier, the Ministry has identified internal offset to pay for these resources that would allow us to stay within our preliminary allocation.

As is stands, the Ministry has already been risk-managing positions to support program delivery. And has exceeded its FTE cap, despite the fact that there's more work to do.

For example, we are currently transitioning one of the Fair Hydro Plan programs - the Ontario Electricity Support Program (OESP) – to the Ministry of Energy. This permanent program was previously managed by an entire team at the Ontario Energy Board. To date, our ministry has not received additional resources to administer the OESP, a program that lowers electricity bills for low-income households in this province.

The second thing I'd like to discuss is flexibility.

The Ministry needs flexibility to move allocations between various programs within the Ontario Fair Hydro Plan.

Even though the Ministry has individual allocations for five transfer payment programs – together they all represent the Fair Hydro Plan and should be treated collectively.

The goal of the Fair Hydro Plan is to reduce electricity bills by 25 percent: this cannot work if the Ministry does not have the ability to manage its pressures and savings.

Ultimately, these are entitlement programs which require the Ministry to have appropriate funding in advance.

We are constantly refining and updating the forecasts for these programs. These forecasts are constantly changing based on a number of factors and the data available to the Ministry.

In the Ministry's plan, we have identified pressures to the Distribution Rate Program and the First Nations On-Reserve Delivery Credit. And we have also identified offsets for these pressures from savings in other Fair Hydro Plan programs.

It's not feasible for the Ministry to return to the Board quickly should it need additional allocation for these underfunded programs, because legislated timelines requires the Ministry to issue bill payments within two days.

In order for the Ministry to successful implement the Ontario Fair Hydro Plan we need the flexibility to manage these pressures by using a small portion of the savings we identified.

Finally, as a Ministry, we recognize and appreciate the hard choices and equally hard decisions that Treasury Board officials must make as part of this process.

I therefore ask for this committee's support to fulfill the requests the Ministry of Energy put forward today, so we can best deliver on the government's mandate.

Thank you.