

Speaking Bullets for Minister Thibeault
Greater Kitchener Waterloo Chamber of Commerce
Thursday, Dec. 1, 2016

Introduction

- Thank you [NAME] for that kind introduction.
- Thank you [other acknowledgments]
- Good afternoon, everyone.
- It's a privilege to speak to one of the longest standing Chambers in Canada¹.
- For the past 128 years, dating back to the Chamber's founding as the Berlin Board of Trade, you expanded into one of the largest and innovative Chambers in Canada by focusing on the needs of all our members, big and small.
- Your leadership and dedication to excellence and innovation is the foundation for the strong business community and a strong overall community here in Kitchener-Waterloo.
- Innovative companies of all sizes in Kitchener-Waterloo and the surrounding area are contributing to the province's refurbishment program currently underway at the Darlington Nuclear Generating Station.
- Ontario Power Generation (OPG) has partnered with businesses like Provincial Lift Truck, Waste Management of Canada and ATS Automation to ensure quality performance and schedule adherence for their refurbishment program.
- Thank you for your contributions toward delivering Canada's largest clean energy project.

[Pause]

- I value the opportunity to lay out a bit of what I've learned since taking over the Energy portfolio, and share with you a bit about our plans for the future.

¹ Source: <http://greaterkwchamber.com/about/>

- Throughout the summer I immersed myself in the role of Ontario's Minister of Energy.
- Briefing, agency introductions, stakeholder engagement, Indigenous interaction, interprovincial coordination and weekly cabinet meetings.
- And the first of these observations — one that's apparent from the get-go — is that the leadership in this sector is nothing short of remarkable.
- When we look at where Ontario was about a decade ago, and compare that to our current situation, the transformation is truly extraordinary.

Background context

- Back in 2003, the Ministry of Energy began building on its vision — a vision of Ontario powered by safe, clean and reliable electricity.
- Together, we're making that vision a reality.
- We phased out heavily polluting coal-fired electricity which accounted for 25 per cent of our electricity mix. We converted the last two coal-fired plants to biomass and advanced biomass in 2014 and 2015, retaining jobs at Atikokan and Thunder Bay.
- We were the first jurisdiction in North America to eliminate coal-fired electricity generation, and that has resulted in a 30 megatonne reduction in greenhouse gas emissions since 2003. And we didn't just get rid of coal, we brought in legislation to ensure that coal will never be used to produce electricity again.
- What's more, when we eliminated coal-fired generation we didn't just simply replace it with imported power from states that rely on coal. We had a vision of a clean energy future, one that we are still building today. We have added approximately 16,000 MW of new and refurbished generation since 2003.
- Already, last year, Ontario's electricity generation was over 90 per cent emissions-free.
- That is a remarkable achievement, one that many other provinces, states and countries would like to emulate.

- The Greater Kitchener-Waterloo area is already benefitting from programs to bring more sources of renewable energy online. The Regional Municipality of Waterloo has installed solar rooftop installations on buildings through the Feed-in Tariff (FIT) Program and the Kitchener Generation Corporation is also participating in FIT. I'm pleased to note that there are also local schools and stores with solar rooftop installations.
- And with about 18,000 MW of renewable generation contracted or online, Ontario will continue to be a leader and remain committed to clean, renewable energy.
- The future global economy will be low carbon, and Ontario will be ready for that future.
- We recognize that realizing our vision has come at a cost. Building a clean and reliable electricity grid after decades of neglect has pushed electricity rates up.
- And while we are proud of our record of accomplishments, our 2003 vision for our electricity system went beyond a safe, clean and reliable supply. We also committed to helping consumers manage electricity costs.

Actions that have been taken to reduce overall electricity costs for business

- Our government recognizes that the changes we have made have led to higher costs for Ontario's business customers.
- We have been taking action to mitigate prices for all electricity customers.
- In fact, the Government has used virtually all available public policy levers at our disposal to mitigate rate pressure for customers, before they become costs that need to be recovered via Ontario electricity customers.
- We know that industrial and business customers are concerned about electricity prices.
- For industry, Ontario's 2013 Long-Term Energy Plan forecast typical electricity prices to increase on average by 2.0 per cent per year from 2016 to 2020, and by 1.6 per cent per year from 2016 to the end of 2032.

- So, we have introduced rate mitigation programs for industrial and business consumers.
- As we recently announced, our government has introduced measures that will benefit ratepayers in a lasting, meaningful way.
- The Ontario Rebate for Electricity Consumers Act, 2016 will provide an eight per cent rebate equal to the provincial portion of the HST for about five million residences, small businesses and farms, starting on January 1, 2017.
- For small businesses - eligibility for the 8% rebate is based on demand and total annual electricity consumption. Small business customers with a demand of 50 kilowatts or less or with a total annual electricity consumption of not more than 250,000 kilowatt hours would be eligible.
- The Northern Industrial Electricity Rate Program (NIERP) supports continued growth and development in the northern resource and manufacturing sector. The \$120 million per year program provides electricity price rebates of 2 cents per kilowatt hour, representing over a 20 per cent reduction, based on current prices, in electricity prices for eligible large northern industrial consumers.
- The saveONenergy Business Program provides incentives and rebates to distribution connected industrial consumers.
- And Ontario's Five-Point Small Business Energy Savings Plan is helping small businesses conserve energy, manage costs and save money.
- The plan promotes the use of local energy managers, who can perform assessments and help businesses develop and carry out energy-efficiency and conservation, and markets business conservation programs, to ensure small business owners have access to the necessary information about government programs to help them save.
- It's also enhancing business conservation programs, with increased rebates, more contractor engagement, training, and a simplified application process to make it easier and faster for small businesses to participate. As well as working to make on-bill financing available, to help with the upfront costs of energy conservation projects.
- Expanding incentives for businesses of all sizes across Ontario would create

more opportunity for businesses to be competitive and manage their electricity costs.

- The Industrial Conservation Initiative (ICI) provides a strong incentive for large electricity consumers to lower their peak electricity consumption to reduce their bills by about one-third.
- When these consumers lower their consumption, they reduce the province's peak demand, which means the ICI has the added benefit of helping to defer the need to build peaking generation in the longer term.
- In September the Premier and I visited Vision Extrusions (a vinyl extrusions company that manufactures components for windows, doors and technical applications in York Region). While there, we saw first-hand how important the price of electricity is to businesses that are looking to expand or invest.
- We saw a company that has benefited from ICI. Vision Extrusions has implemented changes to conserve, and the savings from ICI have been reinvested to grow the business.
- Vision is one of about 300 electricity consumers currently benefiting from ICI. And they've made a difference in our province: last year, these businesses collectively reduced Ontario's peak demand by an estimated 1,000 MW.
- As part of our comprehensive package, Ontario is proposing to expand the ICI program. Up until now, the ICI eligibility requirements included that consumers needed to have average monthly peak demand exceeding three (3) megawatts (MW).
- Through the proposed change in regulation, ICI would open up to more than one thousand newly eligible electricity consumers with monthly peak demand greater than one megawatt.
- In addition, sector restrictions currently in place for electricity consumers between 3 MW and 5 MW would be removed allowing smaller institutional and commercial businesses to participate.

- The cost impact across sectors and industries will vary. But to give you an example of the predicted impact, a plastics manufacturer with an average peak demand of 2 MW that participates in the ICI program could see its electricity price reduced from \$154 per MWh to as low as \$102 per MWh. This would result in energy cost savings of up to \$42,000 per month.
- And again, this is part of our commitment to build a competitive, low carbon economy for tomorrow. We are helping businesses today, helping them plan and build for the future economy, to ensure good jobs in a growing economy for families in Ontario.
- As you may recall, in 2016 Ontario passed the Climate Change Mitigation and Low-carbon Economy Act. Under this legislation all proceeds from Ontario's cap and trade program will be deposited into a new Greenhouse Gas Reduction Account (GGRA).
- The Ministry of energy is proposing to recycle proceeds to offset the impact of cap and trade on industrial and commercial electricity consumers to keep rates affordable.
- Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation, and we've closed the last dirty coal-fired power plant. But we need to take the next step in ensuring that clean, reliable system is affordable.
- Affordable access to electricity, for families, farms and businesses in every part of Ontario, remains a significant concern for many. I want to assure you that Ontario is taking action to reduce electricity bills

LTEP 2017 and Closing

- The Ministry of Energy is developing its next Long-Term Energy Plan (or "LTEP"). The LTEP sets out the direction for Ontario's energy future that balances the principles of cost-effectiveness, reliability, clean energy,

community and indigenous engagement, and emphasis on conservation and demand management.

- The LTEP will address both electricity and fuels used in Ontario and will consider the government's commitment to reduce greenhouse gases. I hope you will take part and help us chart the way forward.
- We plan to build on the success of the 2013 Long-Term Energy Plan (2013 LTEP), which was the most comprehensive consultation and engagement process the Ministry of Energy has ever undertaken.
- Public engagement are being supported by an electricity technical report that has been posted by the Independent Electricity System Operator (IESO), and a fuels sector technical report prepared by Navigant Consulting. Both of these documents are available through the Ministry of Energy's website.
- Since late October we hosted 17 in-person public open houses and 17 stakeholder sessions. This includes sessions here in Kitchener on November 28th. We introduced online consultation tools, and provided all Ontarians the opportunity to provide submissions through the Environmental registry.
- Indigenous engagement sessions are ongoing and are planned to wrap up in mid-December.
- If you haven't done so already, please make your submissions through the Environmental Registry by the closing date on Friday, December 16.
- Ontario's investments are securing a clean supply of electricity, a grid that's ready for the future, and a healthier environment for ourselves and our children.
- Along with our commitments to safe, clean and reliable electricity, we are also committed to an affordable supply.
- We have used public policy levers at our disposal to mitigate rate pressure for customers, and we have put price mitigation measures in place.
- And we would empower businesses to reduce their bill by up to an average of 34 per cent depending on their ability to reduce peak electricity consumption through the expansion of the ICI.

- Ontario's economy is one of Canada's fastest growing and we can help put businesses in a better position to grow and to create jobs.
- Taken together, the current programs to help small businesses save on their electricity costs along with these other proposed regulatory changes form a comprehensive package to help ensure electricity is affordable for businesses across Ontario.
- Ontario's investments are securing a clean supply of electricity, a grid that's ready for the future, and a healthier environment for ourselves and our children.
- Together we are building up Ontario and building up our economy.
- Thank you.