

The Premier of Ontario

Legislative Building, Queen's Park
Toronto, Ontario M7A 1A1



La première ministre de l'Ontario

Édifice de l'Assemblée législative, Queen's Park
Toronto (Ontario) M7A 1A1

September 23, 2016

The Honourable Glenn Thibeault
Minister of Energy
900 Bay Street
4th Floor, Hearst Block
Toronto, Ontario
M7A 2E1

Dear Minister Thibeault:

Welcome to your role as Minister of Energy. As we mark the mid-point of our mandate, we have a strong and new Cabinet, and are poised to redouble our efforts to deliver on our top priority — creating jobs and growth. Guided by our balanced plan to build Ontario up for everyone, we will continue to work together to deliver real benefits and more inclusive growth that will help people in their everyday lives.

We embark on this important part of our mandate knowing that our four-part economic plan is working — we are making the largest investment in public infrastructure in Ontario's history, making postsecondary education more affordable and accessible, leading the transition to a low-carbon economy and the fight against climate change, and building retirement security for workers.

Building on our ambitious and activist agenda, and with a focus on implementing our economic plan, we will continue to forge partnerships with businesses, educators, labour, communities, the not-for-profit sector and with all Ontarians to foster economic growth and to make a genuine, positive difference in people's lives. Collaboration and active listening remain at the heart of the work we undertake on behalf of the people of Ontario — these are values that ensure a common purpose, stimulate positive change and help achieve desired outcomes. With this in mind, I ask that you work closely with your Cabinet colleagues to deliver positive results on initiatives that cut across several ministries, such as our Climate Change Action Plan, Business Growth Initiative, and the Highly Skilled Workforce Strategy. I also ask you to collaborate with the Minister Responsible for Digital Government to drive digital transformation across government and modernize public service delivery.

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We have made tangible progress and we have achieved the following key results:

- On January 1, 2015, Ontario launched its new six-year Conservation First Framework. The framework, together with the Industrial Accelerator Program for transmission-connected customers, is expected to achieve 8.7 terawatt-hours (TWh) of electricity savings in 2020, and help achieve our conservation target of 30 TWh in 2032.
- On December 22, 2014, Ontario launched its new six-year Demand Side Management Framework, which brings Ontario's total spending on natural gas conservation programs in-line with leading US jurisdictions, allowing natural gas utilities to pursue greater levels of natural gas savings.
- Since January 1, 2016, the Ontario Electricity Support Program has been providing ongoing assistance directly on the bills of eligible low-income electricity consumers.
- Expanded the Industrial Conservation Initiative effective July 2015, lowering the threshold from five megawatts (MW) to three MW for electricity consumers in certain energy intensive sectors.
- Introduced a new competitive Large Renewable Procurement (LRP) process for renewable projects larger than 500 kilowatts that strikes a balance between early community engagement and achieving value for ratepayers. With approximately 15,900 MW of wind, solar, bioenergy and hydroelectric energy online, and an additional 454.9 MW contracted, Ontario is positioned to meet the 2013 LTEP target of having 20,000 MW of renewable energy online by 2025.
- Enabled the participation of First Nation and Métis communities and groups in over 550 different renewable projects across the province, representing over 1,800 MW of clean energy capacity.
- Passed new legislation, the *Energy Statute Law Amendment Act, 2015*, that establishes a long-term energy planning framework that is efficient, supported by community engagement and responds to emerging technologies in the energy sector.
- Passed the *Strengthening Consumer Protection and Electricity System Oversight Act, 2015* that enhances the Ontario Energy Board's role to ensure that it continues to protect consumers and regulate the energy sector.
- Passed a number of tools under the authority of these two new pieces of legislation that will allow the grid connection of remote communities project to move forward in a timely manner, with significant First Nation participation.

Your mandate is to promote the development of a safe, reliable, secure and environmentally sustainable energy supply. Your specific priorities include:

Taking Further Action to Mitigate the Impact of Electricity Prices on Consumers and Businesses

- Introducing legislation that will provide a rebate — directly on consumers' electricity bills — of an amount equal to the provincial portion of the Harmonized Sales Tax, an eight per cent savings.
- Significantly enhancing the existing rural support program to provide additional on-bill savings for Ontario's eligible rural customers.
- Expanding eligibility for the Industrial Conservation Initiative by lowering the threshold for participation and broadening participation to all sectors.
- Working with the Ontario Energy Board, as required, to assist in their development of options for a First Nation on-reserve electricity rate.

Developing the Province's Next Long-Term Energy Plan

- Building on the processes and principles used in the 2010 and 2013 plans and the new legislation, work with partner ministries and energy sector agencies to consult with consumers and stakeholders, and engage with Indigenous communities to develop Ontario's next Long-Term Energy Plan (LTEP) to be released in 2017.
- Working with partner ministries, align the next LTEP with Ontario's Climate Change Action Plan. The LTEP will be guided by a number of strategic themes including greenhouse gas reductions, innovation, grid modernization, conservation and energy efficiency, renewable energy, distributed energy and continued focus on energy affordability for homes and businesses.
- Working towards our long-term electricity conservation target of 30 TWh in 2032 and continuing to identify new conservation opportunities.
- Ensuring the LTEP supports the development of regional and community energy plans.

Promoting Energy Conservation and the Adoption of Renewable Energy

- Working with the IESO to provide a mid-term review of Ontario's six-year Conservation First Framework in fall 2016.
- Working with local distribution companies and natural gas utilities to offer more choice for customers and help customers reduce their energy use.
- Continuing to show leadership in setting and updating energy efficiency standards.
- Working with the Independent Electricity System Operator (IESO) to complete a second phase of the competitive Large Renewable Procurement process to procure up to 980 megawatts (MW) of renewable energy from solar, wind, hydroelectric and bioenergy sources, following engagement with stakeholders, municipalities and Indigenous communities.

- Working with the IESO on procurement of small renewable energy projects under the Feed-in Tariff (FIT) and microFIT programs. The FIT 5 procurement will have a target of at least 150 MW, and IESO will open the application window by November 1, 2016. The microFIT program will have a procurement target of up to 50 MW in 2017.
- As the FIT and microFIT standard offer programs wind down, implementing an updated and streamlined net metering program, which supports customer choice in generating clean, renewable energy, helps reduce load on the electricity system and enables innovative technologies and customer-utility relationships.

Supporting the Growth of the Low-Carbon Economy and Reductions in Greenhouse Gas Pollution

- Working with the Minister of the Environment and Climate Change, other colleague ministers, local distribution companies and others, implement key components of the Climate Change Action Plan relating to the Energy portfolio, including:
 - Making Ontario one of the easiest and most affordable jurisdictions in North America for homeowners and businesses to install or retrofit clean-energy systems like solar.
 - Establishing a four-year free overnight electric vehicle-charging program for residential customers starting in 2017.
 - Developing a required Home Energy Rating and Disclosure program by 2019 to provide free energy audits for pre-sale homes.
 - Continuing to work in partnership with Indigenous communities to reduce reliance on fossil fuels for electricity generation.
 - Supporting homeowners in purchasing and installing low-carbon energy technologies, such as solar thermal and solar energy generation systems that reduce reliance on fossil fuels for space and water heating.

Engaging with Indigenous Partners in Energy Planning Decisions and Supporting Economic Development and Reconciliation

- Working within the principles of the recent Political Accord, and upholding commitments to First Nation and Métis communities, to support and participate in new generation and transmission projects, and in conservation and community energy planning initiatives.
- Expanding transmission to remote First Nation communities in Northwestern Ontario to reduce reliance on diesel-powered generation.
- Continuing negotiations with the federal government to secure a fair cost sharing arrangement in support of the remote communities grid connection project.

Driving Efficiencies and Maximizing Return on Investment from Electricity Sector

- Continuing to work with the Ontario Energy Board and Ontario's local distribution companies to ensure they produce savings and drive improvements in performance to the benefit of customers. Consult with affected stakeholders through the LTEP process to allow for greater investment in the distribution system and innovative technology.

In addition to the priority activities above, I ask that you also deliver results for Ontarians by driving progress in the following areas:

- Continue to partner and collaborate with the Province of Québec on key energy issues, including:
 - Working together on the existing working group to identify common interests and positions concerning the Energy East project.
 - In co-operation with the IESO and Hydro-Québec, further the intention to explore an electricity trade agreement that would provide value to Ontario ratepayers.
- Based on Ontario's pipeline principles, continue to be proactive in promoting Ontario's interests in the Energy East pipeline project and participate in the National Energy Board (NEB) regulatory process.
- Working with the ministers of Infrastructure and Agriculture, Food and Rural Affairs, local distribution companies, municipalities and Indigenous partners, continue to identify opportunities to expand natural gas access and affordability in a manner consistent with the Climate Change Action Plan.
- Following recommendations from the Premier's Advisory Council on Government Assets, continue to move forward with broadening the ownership of Hydro One and proceed with future offerings in a careful, staged and prudent manner.
- Continue to implement government oversight of the refurbishment of nuclear reactors to ensure projects remain on budget and on time to protect ratepayers.

As you know, taking action on the recommendations contained in the Truth and Reconciliation Commission report is a priority for our government. That is why we released *The Journey Together*, a document that serves as a blueprint for making our government's commitment to reconciliation with Indigenous peoples a reality. As we move forward with the implementation of the report, I ask you and your fellow Cabinet members to work together, in co-operation with our Indigenous partners, to help achieve real and measurable change for Indigenous communities.

Having made significant progress over the past year in implementing our community hubs strategy, I encourage you and your Cabinet colleagues to ensure that the Premier's Special Advisor on Community Hubs and the Community Hubs Secretariat, at the Ministry of Infrastructure, are given the support they need to continue their vital cross-government work aimed at making better use of public properties, encouraging multi-use spaces and helping communities create financially sustainable hub models.

Responsible fiscal management remains an overarching priority for our government — a priority echoed strongly in our 2016 Budget. Thanks to our disciplined approach to the province's finances over the past two years, we are on track to balance the budget next year, in 2017–18, which will also lower the province's debt-to-GDP ratio. Yet this is not the moment to rest on our past accomplishments: it is essential that we work collaboratively across every sector of government to support evidence-based decision-making to ensure programs and services are effective, efficient and sustainable, in order to balance the budget by 2017–18, maintain balance in 2018–19, and position the province for longer-term fiscal sustainability.

Marathon runners will tell you that an event's halfway mark is an opportunity to reflect on progress made — but they will also tell you that it is the ideal moment to concentrate more intently and to move decisively forward. At this halfway mark of this government's mandate, I encourage you to build on the momentum that we have successfully achieved over the past two years, to work in tandem with your fellow ministers to advance our economic plan and to ensure that Ontario remains a great place to live, work and raise a family.

I look forward to working together with you to build opportunity and prosperity for all Ontarians.

Sincerely,

Kathleen Wynne
Premier

The Honourable Glenn Thibeault

Please return signed copy to Steve Orsini, Secretary of the Cabinet