

Good Afternoon:

Thank you XXX for that kind introduction.

Today is a milestone for me – it marks exactly 18 months since I was appointed Ontario's Minister of Energy.

In that time, I've come to appreciate so much about Ontario's energy and electricity sector; and I've come to one, overarching conclusion:

- That we should count tenure at the Ministry of Energy in Dog Years!

So, in dog years, today is my 15 year anniversary.

And while in some moments, it may feel like a grind, I have to say that each and every day I am invigorated by the dedicated professionalism of the staff and public servants from across the Ministry and Agencies that support our work.

Over the course of the past year:

- OPG has continued the refurbishment of the first unit at Darlington, and is currently tracking ahead of schedule and on budget;
- The IESO has launched in earnest the Market Reform Working Group which is leading the way to fix the foundation of our electricity sector, while maintaining the reliability and stability of our grid; and,

- The OEB has ramped up the Ontario Electricity Support Program whereby now more than 2XX,000 low-income Ontarians are receiving vital on-bill financial supports.

At the same time, this past year, we worked together:

- To launch the Ontario Fair Hydro Plan – a 25% reduction in Ontario electricity rates – the single largest measure to help lower bills in our history; and
- We worked collectively – Government, Agencies and Stakeholders – to deliver the 2017 Long Term Energy Plan.

When you think about our shared accomplishments, it's really quite remarkable.

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But this afternoon, as the Legislative Assembly of Ontario prepares to break for the annual holiday recess; and everyone in this room has a count-down ongoing to much deserved vacations, I won't bore you with a rehash of 2017 accomplishments.

I want to discuss my vision for the future of Ontario's electricity sector; and what our Government is doing to prepare for that future.

The baseline of that future is something that went overlooked at the time of our 2017 LTEP launch.

*Delivering Fairness & Choice*, launched about 2 months ago is an important outline for how we see the energy sector unfold in the short, medium and longer term.

Something that often goes unnoticed, or at least unspoken, as part of the public dialogue regarding the 2017 LTEP – is the evolution of our Government's thinking about the ROLE of political actors in the administration of the energy and electricity system.

The 2017 Long Term Plan is important, as much for what it DOES NOT say or do.

We are not launching any new procurements; and when we look forward to potential supply gap in the early 2020's, we are keen to hear from experts before we embark on any new capacity contracts.

Now, for many in this room, this certainly amounts to a "no brainer".

But for those of us on the political side, I must admit, that we have perhaps behaved in a way that micromanaged the sector a bit too much over the course of the past decade.

Often for valid and important reasons.

Coal closure and the green energy regime were important goals that helped to create the diverse and robust system that we have today.

But as some of you have undoubtedly heard me say before – it wasn't the "what" but the "how" where we lost our way.

So, I'm pleased that with this Long Term Energy Plan, we are effectively managing the sector at the appropriate altitude.

Providing high-level directional leadership, while leaving more and more details about implementation up to experts at the IESO and the OEB to undertake.

I'm looking forward to seeing more of that in the "Implementation Plans" that are due early in the New Year, and I want to thank all those who are working on giving life to those plans.

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After concluding the LTEP this fall, you would have expected the folks at the Ministry of Energy to take a bit of a break.

But that's not our style. And that's not what this sector needs.

We need not rush to embrace the "next big evolution" – but we DO need to prepare for that evolution.

Ontario's regulatory and public policy governance structures need to evolve as well, to keep up with this ever-changing marketplace.

Through our Long-Term Energy Plan, our Government signaled our intention to become less prescriptive and allow for leaders at all segments of the value chain to enter the energy market without a heavy-handed regulatory model getting in the way.

This means that Government will need to take a step back from picking specific technologies, winners and losers, to allow for a more dynamic, competitive and outcome-based approach.

Technology specific procurements that stifle competitive tensions and discourage innovation have been replaced by more transparent and competitive market mechanisms.

Just a few weeks ago, the IESO revealed that over in this years' Regulation Services procurement, the successful contract winners came from two innovative battery storage providers.

For me, this underscored that new and innovative technologies can compete and win against traditional and established market participants.

And it also means that the era of Government directives – designed to prop up specific technologies – is over.

As we turn toward the future, we will focus public policy attention on the important outcomes that we all want to achieve together: Innovations that drive down system costs and carbon emissions – should be encouraged.

That's why I'm pleased to announce that the IESO will be launching an important Request for Information (RFI) specific to non-emitting resources, with an eye toward filling any future supply gap that may materialize after the closure of Pickering Nuclear in 2024.

Driven by the IESO through grassroots collaboration with the Non-Emitting Resource Sub-Committee, this RFI will be a direct input into the Market Renewal Process.

The IESO will outline the need, specify criteria for market participants and new entrants to offer any resource product that can help Ontario meet our forthcoming capacity requirements, without increasing carbon emissions and help us to drive down costs.

As the results of the recent regulation services procurement showcase – competition is an important step forward in Ontario’s evolution towards an incremental capacity auction.

The outcome of this RFI will directly support IESO’s Market Renewal activity and will undoubtedly lead to important price discovery that will support our Government’s goal to reduce total system costs within the electricity sector.

This RFI is being launched immediately and the first webinar will be held next week.

This approach underscores what the IESO and Ministry have been saying for over 2 years – that Market Renewal must proceed through a “Made in Ontario” approach.

I’m especially pleased that this undertaking is not the result of a government regulation or Minister’s Letter of Direction; but rather the result of the collaborative spirit that has underpinned the Market Reform Working Group since its launch last year.

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At the same time, Ontario's distribution sector is also preparing for a forthcoming evolution. In fact, many predict a major disruption in the LDC marketplace.

In a very real way, the distribution sector may now be at a point which the telecommunications companies occupied in the late 1980s:

Technological innovations and customer demands for better services and products are driving a remarkable pace of change.

Some of our most innovative Local Distribution Companies have found that they can supply new load growth more economically by utilizing more innovative technologies, like Distributed Energy Resources, as opposed to a traditional "poles and wires" approach.

These LDCs should not face financial disincentives to this new and less costly approach, because of a regulatory model stuck in the 1980s.

To that end, recognition needs to be paid to the Ontario Energy Board for taking major steps towards updating their systems over the course of the past decade:

- The renewed regulatory framework helped to set out a more customized and flexible interaction between LDC's and the OEB;
- The OEB's requirement to fix pricing for residential distribution service gave consumers a better signal of cost and value; and

- Legislative changes over the past three years enhanced the OEB's consumer protection powers relating to electricity retailers, winter disconnections and unit sub-meter providers.

However, as we seek to renew our systems for the future, we must also acknowledge that a more fundamental and foundational review of the Ontario Energy Board is necessary to help guide and support the technological innovations that are coming.

Personal home electricity storage; higher EV penetration; distributed energy resources; net-metering and trans-active energy options are emerging and Government and regulatory structures need to ask if we are ready to take on those challenges and harness the opportunities.

To that end, I'm pleased to announce that our Government has appointed an expert review panel that will be charged with OEB Modernization.

Chaired by Richard Dicerri, the OEB Modernization panel will include XXX and XXX as panel members and will spend 2018 consulting with industry, LDC's; innovators and economic regulators from other jurisdictions to deliver an action plan for regulatory modernization by about this time next year.

The scope of the OEB Modernization panel will be significant, in recognition of the challenges ahead. And Government will not presume or attempt to direct the outcomes.

To my view, this panel is not a critique of our existing structures or systems – but rather a self-aware assessment that the status quo is changing.

This isn't about 2018 or 2020, but rather, ensuring that we have a regulatory regime that is dynamic and prepared for the realities of 2030.

Simply put, regulatory approach that worked for Ontario Hydro is simply not equipped to tackle the challenges the future will bring.

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Now, for those cynics in the room, I'll point out the obvious: both the IESO RFI and the important work of the OEB Modernization panel will be delivered next winter, early in the term of the next Government.

That ... is by ... design.

They cannot and should not be rushed and naturally follow from the 2017 LTEP, released just two months ago.

These deliverables will form the foundation, along IESO's Market Renewal activity, to deliver a complete renewal across our governance structures at the Ministry of Energy and our partner agencies at the IESO and OEB.

While I believe that an Ontario Liberal Government will be re-elected next spring, the two initiatives announced today are too important to wait until our platform or next mandate.

Regardless of the electoral outcome of the 2018 Provincial General Election; Ontario's electricity sector must prepare for the future changes that we all know are coming.

I believe that the evolution of the energy and electricity sector will naturally continue, encouraged by competitive forces.

And that, unshackled from technology-specific procurements, our supply mix will evolve to deliver on Ontario's low carbon agenda.

I believe that consumers will become more central actors in our energy sector.

Driven by new technologies and customer preferences, utilities will need to evolve their relationship with customers to deliver more "services" rather than a simple "commodity".

And I believe that each of you will continue to deliver the intellectual capital required to modernize our energy and electricity sector for the future.

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Ontario is home to such remarkable innovation and excellence; we rarely allow ourselves the occasion to accept praise and take pride in our accomplishments.

Working together, the individuals in this room, and market participants and stakeholders across Ontario cleaned and greened our electricity sector.

You have built an impressive and globally recognized nuclear supply chain that is the envy of the world.

And small-scale entrepreneurs are disrupting, bit by bit, the established orthodoxy of our regulated monopolies.

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When I was appointed Ontario Minister of Energy 18 months and 15 dog years ago, I had no idea what I was in store for.

But today, I am in awe of all that we have accomplished together and what work yet remains to be done.

Thank you.