

Remarks for
Hon. Glenn Thibeault, Ontario's Minister of Energy

Association of Power Producers of Ontario (APPrO) 2017
Toronto, Ontario

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*****Check Against Delivery*****

Thanks for that kind introduction Linda [*Bertoldi, Chair, Borden Ladner Gervais LLP's National Electricity Markets Group*].

I also need to acknowledge and thank the Association of Power Producers of Ontario for inviting me to speak at tonight's event.

Good evening everyone.

Over the past couple of days, a broad range of dedicated experts from this ever-evolving energy sector brought a host of topics to the forefront.

Topics that remain top-of-mind for all of us in this room – ranging from nuclear refurbishment to market renewal;

To helping foster innovation and better governing the energy sector;

To contemplating the future of Local Distribution Companies and our central agencies.

All of these topics against the backdrop of an expanding Ontario economy which is growing in tandem with the implementation of the Province's Climate Change Action Plan and adapting to the impacts and opportunities of cap and trade.

And as Ontario's Minister of Energy, I'm pleased to be here to add to this dialogue.

In doing so, I'd like to begin by providing a brief update on Ontario's energy sector.

This is especially timely given last month's release of Ontario's 2017 Long-Term Energy Plan: *Delivering Fairness and Choice*.

As you all know, our Long-Term Energy Plan is a road map that broadly sets out the future of Ontario energy policy over the next 20 years.

This is the third Plan our government has released to date – with the first and second launched in 2010 and 2013, respectively.

Now, projecting energy-related trends is not easy in the short or medium-term.

And projecting energy-related trends over a 20 year timeframe is even more difficult.

Trying to get it right is an all-hands-on-deck process in the truest sense.

And for our 2017 Plan, this process involved the most extensive consultations and engagements the Ministry of Energy has ever undertaken.

I want to thank all of you who participated in this conversation and for your important contributions to our Long-Term Energy Plan.

What then are the major takeaways from this Plan?

For starters, I can say that we have a robust, reliable and diverse supply of electricity.

One of the strengths of our energy sector has been the strong spirit of partnership and collaboration between government and market participants.

Together with our power producers – we are in a strong position to serve Ontario's families and businesses moving forward and meet all opportunities and challenges that may arise in the long-term.

At the same time, we should take into account how we arrived at this position of strength.

And give credit where credit's due.

This means recognizing that Ontario's strong and stable supply situation is largely a result of the nearly \$70 billion we've invested in the electricity system since 2003.

With the brunt of this heavy lifting done by current rate payers, we need to continue to maximize these existing energy assets.

This means, going forward, our government aims to manage future cost increases for Ontario's electricity consumers by maximizing the use of our already existing energy assets.

We're well on our way to meeting this goal, because many of our electricity generation facilities were built in the last decade.

Some of these assets are expected to be able to generate power beyond their planned contract life.

That's a big advantage for our province and its ratepayers.

And in the coming years, forward-thinking, game-changing initiatives such as market renewal will drive sector efficiencies, deliver better market signals to generators and most importantly provide significant ratepayer savings.

As part of our ongoing commitment to drive sector efficiencies, the IESO will also take special care to enable efficient use of existing installed resources.

Simply put, if we can run our system more efficiently, spilling less water or firing our thermal resources in a more efficient manor then both ratepayers and shareholders will benefit.

Keeping costs down was the primary task Premier Wynne asked of me when I was appointed Ontario's Minister of Energy nearly a year and a half ago.

As mentioned, market renewal is a key building block of our government's plan to press forward with a transformative fix to the foundation of our electricity system.

It aims to do so by creating a more dynamic and adaptive energy market in which all resources, including energy storage and other new and innovative technologies, compete on an equal footing.

In the long-term, market renewal is expected to provide about \$5 billion in savings between 2021 and 2030.

But looking to the short-term and next steps in this exciting transformation, I am encouraged that APPrO and its members are involved as participants in the IESO-led Market Renewal Working Group.

I urge you to continue to stay engaged and help drive this process forward.

Working collaboratively, your expert advice and your unique perspectives will be essential in creating a made-in-Ontario solution.

A solution that builds on the key themes of our Long-Term Energy Plan: *Delivering Fairness and Choice*.

We want to work with you to ensure this transformation results in a system that puts electricity generators on an equal playing field.

Another major takeaway from Ontario's 2017 Long-Term Energy Plan is that our electricity system is over 90 per cent free of the emissions that cause climate change.

In fact, the system is forecasted to account for a tiny 2 per cent of Ontario's overall GHG emissions this year.

This near-complete greening of our electricity system should serve as a point of pride for everyone in this room.

Working together, we had the fortitude to eliminate coal-fired electricity generation.

And to invest in clean generation.

Cutting out coal was by no means easy. Especially when you consider that in 2003, it made up 25 per cent of Ontario's electricity supply mix.

There's something else to consider. And that's the indisputable fact that eliminating coal placed Ontario at the tip of the spear in combating climate change – one of this generation's greatest challenges.

More specifically, it puts us an important step closer in meeting the objectives outlined in our Climate Change Action Plan.

On a national scale, ridding our grid of coal-fired electricity positioned Ontario sixteen years ahead of the federal government's target to phase-out all provinces' use of coal-fired electricity by 2030.

As indicated in the 2017 Long-Term Energy Plan, renewables now comprise 40 per cent of Ontario's installed capacity.

Renewables also generate about one-third of the electricity this province produces.

And when combined with Ontario's nuclear advantage, clean fuel sources of electricity generated approximately 90 per cent of our province's power last year.

But let me be clear, as Ontario continues to build upon our successful renewable integration initiatives, dispatchable natural gas-fired generators will continue to play an important role in balancing our system needs.

With about 4,600 megawatts of intermittent wind and solar resources providing bulk supply and nearly 2,600 megawatts of distribution-connected wind and solar resources, quick ramping and dispatchable peaking resources are going to ensure our system remains strong and balanced.

These are certainly challenges that the IESO control room staff know all too well.

To that end, as our government seeks to drive down greenhouse gas emissions, we realize that blanket policies that target particular forms of generation could be both foolish and costly.

If we design our systems and policy approach properly, we can solve for carbon and avoid a prescriptive approach that risks micromanaging Ontario's supply mix.

In this regard, I would like to single out Enbridge for their positive and productive contribution towards shaping Ontario's public policy framework around renewable natural gas.

Looking more broadly, a low-carbon grid is helping steer Ontario's transition to a low-carbon economy.

Everyone in this room can claim credit for spurring the de-carbonization of other sectors.

This includes our transportation sector and its continued adoption of electric vehicles.

According to the LTEP's forecasts, some 2.4 million electric vehicles will be operating on Ontario's roads by 2035.

This is in addition to the planned electrification of public transit in Hamilton, Mississauga, Kitchener, Toronto and Ottawa.

Electrification of transportation and other sectors of our economy will provide opportunities and challenges for the System Operator and market participants.

We will need to cope with continued and increasing grid complexity.

We will work together to integrate new and emerging technologies into our system – at both the transmission and distribution level.

And we will ensure that ratepayers can benefit from increasing flexibility and choice – evolving their relationship from a strict ‘commodity purchase’ to a more sophisticated ‘energy services’ marketplace.

Because at the end of the day, everyone in this room – including me – serve the same constituency: The people of Ontario.

I would note, however, that I’m the only one who is going to face the voters next Spring.

I’d like to thank APPrO again for inviting me to speak tonight and I look forward to doing so again this time next year!

Thank you.