Good Morning everyone.

Thank you Vince [TBD Brescia, OEA President and CEO] for that kind introduction.

And a special thank you to each of you for taking time out of your busy schedules to join us today as part of the Ontario Energy Association's Speaker Series.

While this is not my first occasion to be providing remarks at an OEA platform, I dare say the last few months certainly give us plenty to discuss.

Just over nine months ago I was appointed Minister of Energy.

In that time, I've had the benefit of many meetings, tours of our generating stations, a visit to our grid control centre, policy briefings, indigenous engagements, Cabinet meetings, and conversations with everyday Ontarians – I've come to respect the enormous complexity of the energy and electricity system in Ontario.

With this respect comes admiration.

More specifically, admiration for your hard work, dedication and innovation that's improving the strength and reliability of our electricity system.

Yet today, we are at an interesting juncture for our Government and for Ontario's energy sector.

The main task the Premier assigned me, as Minister of Energy last summer was to take a closer look at our electricity system, to review every policy and procurement and to find additional ways to drive costs out of the system.

For me, this process has been exciting, thrilling and incredibly challenging. I'm lucky to have been supported by such a strong team at the Ontario Ministry of Energy, each of our Agencies – the IESO, OEB and OPG as well as from sector leaders like Hydro One, the OEA, APPrO and many others.

Most significantly, this collaborative relationship helped deliver, a few weeks' ago, *Ontario's Fair Hydro Plan*.

As you know, earlier this month, our Government launched an ambitious plan to update the way that Ontario ratepayers pay for the energy they consume, and the assets that support Ontario's electricity demand.

A large part of this plan meant tackling the Global Adjustment, <u>and</u> acknowledging that it was as a result of important and valuable policy choices that drove up these costs.

As you know, the Global Adjustment is the tool used to pay for the electricity system upgrades and clean, reliable electricity generation we have built over the past decade.

These upgrades helped make brownouts, blackouts, and smog days a thing of the past.

Across Ontario, these investments added about $50 billion in generation, transmission and distribution assets to our system.

And it's important for us to remember, these significant investments could not have been realized without your leadership and support.

As part of this rebuild, we invested in the green energy sector to create jobs and eliminate coal from our supply mix.

These decisions reduced smog days in Ontario from 53 in 2005 to zero last year, which is improving the health of all Ontarians.

Greenhouse gas emissions from Ontario's electricity sector have fallen by an astounding 80 per cent since 2005.

Together, we built or upgraded over 15,000 kilometers of transmission and distribution wires to enhance reliability for Ontario customers.

Ontarians will be benefiting from these investments to strengthen our clean and reliable electricity system for decades – both economically and environmentally.

But, as you know, these investments came with a cost.

A cost that a single generation of Ontario ratepayers, have borne the brunt of.

Ratepayers across Ontario are paying an unfair share of the cost of these investments in our electricity system's infrastructure.

Therefore, as part of Ontario's Fair Hydro Plan we are refinancing the Global Adjustment to better match the actual useful life of our built infrastructure.

We now know that many of the facilities that have contributed to the greening of our supply mix will last longer and provide value well into the future.

Be they wind farms, solar arrays or natural gas plants – they will outlive their contract terms – but they will not be disconnected from the grid.

They will remain available, and continue to provide value to future ratepayers.

And so, like the mortgage on your house – we're refinancing it and setting a new term that stretches over a longer period.

Premier Wynne has been fully transparent - over time, it will cost more. And it will take longer to pay off.

But it is fairer – because it doesn't ask this generation – our generation – of hydro customers alone to pay the freight for everyone before and after.

The burden will now be shared more evenly and more appropriately.

Ontario's Fair Hydro Plan also includes an important shift of social programs off the rate-base to the tax-base.

Important rate mitigation efforts like the Rural or Remote Ratepayer Protection Plan, which help to reduce distribution costs for those hard to serve customers; the Ontario Electricity Support Program, that lowers rates for low income Ontarians and a new First Nations on-Reserve delivery rate credit will be paid for by the Treasury.

Shifting these costs to the Provincial taxpayer represents a more appropriate funding source than collecting a small levy across everyone's hydro bills.

Like the uploading of costs from municipalities that the McGuinty Government undertook, this is an important and principled measure.

Namely, because the corporate and income tax regime that supports the provincial treasury is more progressive, but also because it forces Government – this one and any future administration – to assess these charges against their values.

Kathleen Wynne and Ontario's Liberals place a strong value on these programs.

We acknowledge that rural and remote ratepayers, low income consumers and indigenous communities face higher cost-of-living pressures on their monthly hydro bills and we are making the difficult internal trade-offs to continue to support these important programs.

Every government is presented with a set of unique challenges they must face in their mandate.

And I like to think that with every challenge comes opportunity.

In 2003, that <u>challenge</u> became an <u>opportunity</u> to clean our electricity supply mix and upgrade necessary infrastructure to enhance reliability for families and our job creators across the province.

For me, the challenge of electricity prices presented the opportunity to fundamentally re-shape Ontario’s electricity sector.

This means structural reform and market renewal.

With your support, guidance and collaboration, we are now embarking on the most important structural reform of our electricity sector in a generation.

In the current model, the Ontario government arbitrarily mandates how much of our energy supply is derived from nuclear, natural gas, wind, solar and other sources.

In this day and age, with the level of innovation, pace of technological change – as well as the clear benefit to ratepayers from competitively procured resources; it is essential that we begin moving towards more "technology-agnostic" procurements.

Too often we, as Government, have sought to impose strict requirements on the system operator – our electricity sector experts at the IESO.

I think a better approach is to focus on outcomes, rather than contracting with specific technologies.

Moving to become technology-agnostic will open up new opportunities for innovation and modernization.

We must unleash the electricity sector and our system operator (IESO) to find the appropriate mix to fulfil a capacity auction would ensure that ratepayers receive the best prices possible.

Adopting this kind of approach will allow government policy makers to set high-level principles and priorities the people elect us to achieve– such as carbon neutrality – but avoid forcing specific supply mix choices.

Many of you have heard me promote the IESO's market reform workplan before.

But let me be clear – without market reform, Ontario's Fair Hydro Plan is at risk.

We can afford to re-mortgage those electricity supply contracts through the refinancing of the Global Adjustment because we have a high degree of confidence that those assets will continue to provide value to Ontario ratepayers – as part of a competitive, well run, transparent and technology agnostic capacity auction approach.

This approach will procure resources if and when we need it.

And we won't set artificial targets or goals to win over particular stakeholder segments or chase NGO applause.

Ontario ratepayers have funded a significant re-build and greening of our supply mix and now they expect all of us: policy makers in Government, system operators at the IESO and the generator community to deliver on our commitment to affordability.

The IESO is already undertaking a robust consultation schedule and I know that many of you are participating.

In fact, many of you have sought me out to raise issues and concerns with the methodology and approach undertaken.

That's exactly what we need to take place.

We need to challenge our assumptions, rattle the cage of existing orthodoxy and update our system operations and procurement regime.

But advocacy in favour of the status quo is simply not an option.

To that end, I'm challenging this sector to pull together, partner with the IESO and help deliver a strong a 'made in Ontario' market renewal that recognizes our unique market conditions.

Because we know that success will mean significant ratepayer savings as well as shareholder value.

To conclude, I want to spend just a few moments to address the political circumstances of the day.

With the level of attention that the entire subject of electricity prices has received, both from the media but as well as from the general public – it was only natural that energy policies became a political football at Queen's Park.

It's part of the process.

It's only natural that alternative visions are tabled and debated.

Earlier this month the NDP announced their plan to spend billions of taxpayer money to buy back shares of Hydro One.

They know full well that wouldn't reduce hydro bills by a single penny.

And for an NDP document, it was shockingly thin on support for Ontario's most vulnerable.

"Low Income" Ontarians were mentioned as an afterthought in a section called "future initiatives" to be considered at some vague future date.

While the Conservatives are taking their time to present any coherent alternative views; we hear them attack and threaten to tear up contracts in the Legislature on a regular basis.

Tearing up FIT contracts would build up a hefty legal bill, award significant punitive damages and fines to international developers and put a significant chill on Ontario's investment climate.

What's more, this scheme wouldn't lower electricity bills either.

These alternative approaches represent more ideology than true ideas.

The political pot-shots of the past few months miss the significance of Kathleen Wynne's principled approach to this file.

Last year, she admitted to a mistake.

And this got some headlines.

What's remarkable is that we find it odd – shocking even – for a politician to admit a mistake and to devote herself and the efforts of our administration to doing our best to set things right.

I call that courage.

I recognize that as determined leadership.

Since joining Cabinet about 9 months ago, I have learned a heck of a lot about Ontario's electricity and energy sector.

I have also had a chance – as many of you have as well – to see up close the determination and grit that Kathleen Wynne has invested in helping lower hydro bills for Ontario families.

As I have grown to understand this portfolio and the important role that each of you play in Ontario's electricity sector, I'm even more excited today than I was the day Premier Wynne called to invite me to join her Cabinet.

And I’m invigorated at the opportunity to deliver real, meaningful and structural change to our electricity system.

Thank you once again for hosting me here today and I hope that each of you has an excellent day!