Chamber of Commerce Breakfast
Sault Ste. Marie, Friday, March 10, 2017

Thank you First name (Last name, position) for that kind introduction.

It's an honour and privilege to address the Sault Ste. Marie Chamber of Commerce.

I thank you for the invitation to join you here this morning.

Acknowledge VIPs [TBC MPs / Municipal Officials].

[If David Orazietti in attendance]

I want to start by acknowledging your former Member of Provincial Parliament and my former Caucus and Cabinet colleague David Orazietti.

In my mind, David's "never give up" work ethic embodies the work ethic of families in the Soo.

Through his tireless efforts, David was able to make positive changes for families and seniors in Sault Ste. Marie, including improvements to highways in the north, increases to the northern health travel grant and strengthened consumer protections from unfair business practices.

David was relentless in championing the issues and needs of his constituents.

And as a result, your next MPP will have a very large pair of shoes to fill.

Thank you David.

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

In that time, I've had the benefit after many months of meetings, tours of our generating station, 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.

I'm excited at the level of hard work and innovation that is occurring each and every day in the energy sector - the research and development that's improving the strength and reliability of our system is remarkable.

But I've come today to address the elephant in the room – electricity prices have become a major concern for Ontario ratepayers – families and businesses alike.

And our Government, led by Premier Kathleen Wynne committed to doing more to address these cost pressures. That's why, last week, after months of consultation and collaboration with industry experts as well as every day Ontarians, our Government launched the *Fair Hydro Plan*.

I want to use my time today to discuss our Fair Hydro Plan, but first – before we can address the solution, I would like to spend a few moments to help define the problem.

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, the province's electricity system required significant rebuilding just to meet the existing demand of Ontarians.

That challenge became an opportunity to clean our electricity supply mix and upgrade necessary infrastructure to enhance reliability for families and our job creators in Sault Ste. Marie and across the province.

Prior to 2003, Ontario struggled with an outdated, unreliable energy system.

Because of decades of under investment in the electricity system by governments of all stripes, we had to invest in our generation, transmission and distribution assets.

Distribution assets, like the polls and wires, and transformer stations that Sault Ste. Marie PUC requires to keep the lights on for families and system reliable for businesses in the Soo and area.

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

And as part of this rebuild, we chose to invest in the green energy sector to create jobs and eliminate coal from our supply mix.

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

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

But the investments came with a cost.

And these investments unfairly burdened today's electricity ratepayers.

And at times, our government did not get the policies right.

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

So, it's no surprise that families and business owners in the North talk to me about their hydro rates.

Premier Kathleen Wynne heard similar concerns and frustrations – and made a strong commitment to deliver real and meaningful relief for families.

And for me, the *challenge* of electricity prices presented an *opportunity* to fundamentally re-shape the electricity sector.

Our efforts represent the largest structural change to the electricity sector in a generation.

In September, we took a first step towards addressing these concerns by removing eight per cent off the hydro bills of families, farms, and small businesses, the equivalent to the provincial portion of the HST.

And last week, we launched *Ontario's Fair Hydro Plan* – the single largest cut to electricity rates in Ontario's history.

Starting this summer, our government will triple the size of the cut on people's hydro bills – from 8 per cent to an average of 25 per cent per household, small business and farm.

These cuts will be matched by a guarantee that for the next four years, total bill increases will be held to about the rate of inflation – around 2 per cent.

This is something families in Sault Ste. Marie have asked for and this is what our government will be delivering.

To accomplish this significant reform of our electricity system, we are moving forward with the refinancing of the Global Adjustment to better match the actual useful life of our built infrastructure.

The Global Adjustment is a 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.

But, ratepayers today are paying an unfair share of the cost of these recent investments in our electricity system’s infrastructure.

We now know that many of these facilities will last longer and provide value well into the future – outliving their contracted terms.

Like the mortgage on your house – we’re refinancing the mortgage and setting a new term that stretches over a longer period.

Over time, it will cost a bit more. And it will take longer to pay off.

But it is fairer – because it doesn’t ask this 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.

For me, the challenge of electricity prices presented an opportunity to fundamentally re-shape the electricity sector. Our efforts represent the largest structural change in a generation.

And by moving forward with this significant reform, we will provide significant rate relief starting this summer.

And Ontario’s strong, growing economy allows us to do it while also delivering a balanced budget later this spring.

Under our plan, electricity rates will come down, stay down and benefit families and businesses across the province.

By providing real, long-lasting relief, our Fair Hydro Plan makes sense for Ontarians

But this is not the end of our commitment to give Ontarians much-needed relief on their hydro bills.

We're also boosting existing programs and creating new measures to give targeted supports to those that need the most help with their monthly hydro bills.

We will be expanding the Ontario Electricity Support Program, increasing credits by 50 per cent.

This means that eligible low-income households in the Soo will receive an additional $180 a year in help, for a total of $540 a year.

We will also be loosening the application criteria to make sure that more people can access this extra support.

And for those Ontarians that are struggling with the costs of their bills, our government is investing in a new Affordability Fund to assist electricity consumers who don’t qualify for low-income conservation programs.

This will give local utilities, like the Sault Ste. Marie PUC, an additional tool to help customers in need to increase their energy efficiency, and reduce their electricity costs.

As well, the Rural or Remote Rate Protection (RRRP) program will be enhanced to give distribution charge relief to those ratepayers that are served by Local Distribution Companies with the highest rates.

About 800,000 Ontarians will benefit from these expanded programs.

Closer to home, Algoma Mills or Little Rapids near Huron Shores - a Hydro One R2 customer consuming 2,500 killowatt hours per month would have their distribution cost reduced by about $75 per month.

A Hydro One R1 customer in Blind River using the same amount per month, but already facing lower delivery charges, would have their distribution cost reduced by about $53 per month.

And Algoma Power Inc. customers in Echo Bay and Hayden who use electric heat, and consume about the same will see a $60 per month savings.

These values are all designed to bring down the cost delivery line across rural and remote parts of the province and ensure that there is less of an urban : rural split, when it comes to the distribution charge portion of electricity bills.

Additionally, Legislation will be introduced this spring to move forward on recommendations the Ontario Energy Board has made to increase electricity affordability for First Nations communities.

If passed, we would eliminate the delivery charge for on-reserve First Nations customers in communities like Batchewana and Garden River First Nation and remove some monthly service charges.

This will save the average customer $85 a month and is a move that Ontario Regional Chief Isadore Day has commended and acknowledged that it will "allow a path forward for greater quality of life for First Nations in Ontario".

When it comes to businesses, Ontario's Fair Hydro plan targets those who need the help the most: small and medium sized firms that form the backbone of our economy.

The smallest businesses, who receive a time-of-use bill similar to residential customers will be eligible for the full 25% benefit.

Ontario's Fair Hydro Plan will help up to 500,000 (or 1/2 million) small businesses and farms. Customers wondering about eligibility should contact their local utility, or check their most recent bills. Those who pay time-of-use rates, typically listed on their statements as "general service" customers will be eligible for these savings.

For medium sized job creators, we are expanding the existing Industrial Conservation Initiative (ICI) program to allow for hundreds more small manufacturing and industrial facilities to qualify.

Since 2011 this program has helped hundreds of large industrial facilities save about a third – or more – on their electricity bills.

By expanding this program we are building on one of the smartest and successful electricity rate mitigation measures we've ever implemented.

It's smart because it helps the electricity system lower costs through conservation, and successful because eligible industrial customers save significantly by participating in this program.

Last year, independent studies showed that current ICI participants helped lower peak electricity demand in Ontario by about 800 MW. That's the equivalent of one nuclear unit.

By expanding this program to more eligible participants, we are going to put business in the drivers' seat by – allowing them more control over their input cost – in the case of electricity.

Motivated firms will participate and save and as you conserve more (on peak days) – those firms will save more.

Small manufactures and industrials that would be eligible to participate in ICI, include:

- Food and beverage;
- Apparel;
- Plastics and rubber;
- Computers and electronics;
- Transportation equipment;
- Fabricated metal products (e.g., Automatic Coating);
- Chemicals; and
- Wood products.

Now, to help support the extension of this program to smaller manufacturing customers (below 1MW), we are working with all partners in the sector – including the Ontario Chambers of Commerce to educate firms about this significant initiative.

It wouldn't be fair to conclude without highlighting the activism and support that the Ontario Chambers of Commerce, and in particular Rory [Ring] and the team right here in Sault Ste Marie for their work on last fall's report on Small Business.

The title of your report was "*Too Big to Ignore*" and I would say that your activism and determination helped drive the Government decision making around the business supports included in our plan.

Mind you, with the launch of *Ontario's Fair Hydro Plan*, by no means is our government expecting parades down Queen Street here in Sault Ste Marie.

But there's no question in my mind that these changes are the right thing to do.

Bringing down rates by 25 per cent for families, farms and small businesses; and enacting the kinds of structural reforms that we intend to – that's the approach that Kathleen Wynne and Ontario's Liberal Government believes in.

I think it's better for Ontario.

And I know it's fairer on families and businesses.

Thank you again for joining me this morning.