

Good Afternoon

Thank you [NAME] for that introduction and thank you to the Ontario Chambers of Commerce (OCC) leadership and staff team for working with the Ministry of Energy to pull this session together.

Attending from the Ministry of Energy :

Participating from the Independent Electricity System Operator (IESO):

Thank you everyone for joining us on such a beautiful early summer day. If we had known when we set the date, I would have insisted this occur on a patio somewhere!

I'd like to welcome those who have dialled in via teleconference; we want this conversation to be as iterative and dynamic as possible, so please don't hesitate to participate and we will do our best to bring folks in to the discussion as we proceed.

I want to maximize time for questions, but also wanted to set the table for this discussion. That's why our team worked to send around some pre-reading materials that were distributed last week. I appreciate that energy and electricity content can sometimes be technical and dense, but we did our best to provide information in as easy and accessible format as possible. To that end, if you find these decks helpful, please feel free to distribute them further among your membership and certainly give us feedback on how to improve them, for future use with business audiences.

I'm not going to present on these materials with a formal page turn, but I would like to spend a few moments to highlight three key items: the ongoing development of our long-term energy plan (LTEP); the Independent Electricity System Operators' (IESO) Market Renewal activities; and the Save on Energy conservation programs.

Long Term Energy Plan:

Our Ministry is in the midst of developing the next LTEP, to update the documents previously released in 2010 and 2013.

While we anticipate release of the LTEP later this summer, we are guided by several key concerns:

- Affordability – doing everything possible to mitigate electricity rates, going forward. Despite the implementation of the “Ontario Fair Hydro Plan”, we know that cost pressures still exist, and we are committed to doing everything possible to bend the cost curve, going forward.
- Reliability – making sure that when your businesses, large and small, need electricity to power our economy, its there when you need it. An important component of this is making sure that the voltage on our transmission and distribution lines remain within acceptable parameters for those businesses that rely on more sensitive and uniquely calibrated mechanical systems.
- Commitment to Clean Power – Ontario’s coal closure regime was important environmental, social and yes, economic policy.
[Matthew’s Story, Bruce Power]. ...

- Now extrapolate young Matthew across the entire Ontario economy. Fewer smog days means fewer respiratory illnesses. Fewer smog days means saving the health care system XX\$-per year. So when we think about the impact of coal closure on electricity prices and business competitiveness, I would suggest we also need to consider the broader benefits to the economy of a healthier society.

Now, given that our electricity system is in a position of robust supply, I can tell you that our next Long Term Energy Plan will probably not call for any additional procurement of generating resources, in the near term. And that's a good thing. However, we are taking the steps required, as we take a pause from any new procurements, beyond what has already been contracted and communicated, to reform and renew our electricity system operations, to help renew the foundation of our grid – and unlock savings – in the future.

This brings me to my second main focus : the ***IESO's Market Renewal*** activity.

For those following along, this content is part of the IESO deck.

The IESO is currently undertaking a multi-year consultation and reformation project with the goal of improving the way that our electricity market mechanisms function, in daily interactions and regarding future procurements.

While this is an incredibly complex and technical process, I'm going to do my best to highlight a few of the key changes that are being considered.

Operability Stream – would see us use existing resources and our inter-jurisdictional linkages (with US states and neighbouring provinces) to more easily balance our supply and demand requirements in real time.

Energy Work-Stream – reform the way that the IESO confirms with generators that they would be contributing to meeting our daily resource demands. By moving to a firm, day-ahead confirmation that a generator – for example, a gas plant or wind farm – would indeed be called upon to meet our provincial electricity requirement – will mean that all generators would be able to make smarter economic decisions. For example, if you are confirmed that you would run tomorrow, then generators would be able to plan for fuel and staffing and the converse would be true. This would help make our existing fleet of installed generators cheaper to operate.

Capacity Stream – perhaps most controversial. Moving towards a fully technology neutral procurement approach. Rather than Governments setting strict supply mix targets – i.e. Prescribing exactly how much would come from each of wind, solar, nuclear, water and natural gas – we would set broad policy objectives : such as “clean power” and stop meddling in the marketplace.

This would incent innovation and unleash the competitive tension that has not always been present in our current marketplace. Earlier I highlighted that it was controversial and that’s true. In other jurisdictions where this has been implemented, the capacity market has not fully valued the capital intensive, baseload generators (such as legacy nuclear) and lead to some unintended consequences.

But our Government has been clear, Ontario’s unique contracted and regulated marketplace requires a unique implementation of market renewal and capacity market mechanisms. This means that we will need a ‘made in Ontario’ approach, going forward.

Taken together, the independent cost-benefit analysis done for the IESO suggests that ratepayers could save \$5-billion in the years ahead. That's significant and it represents a fundamental fix – not just additional subsidy of existing electricity rates.

Finally, I'd like to draw your attention to the significant suite of Conservation and Demand Management programs that are available through the IESO's **"Save on Energy for Business"** programs.

A number of programs are listed here, and more are available through each of your local distribution companies.

These programs are meant to be tailored for businesses large and small and serving a variety of economic circumstances.

I'd like to highlight Loblaw group of companies, who have really implemented these programs with gusto. In my home town...XXX. (Loblaws Event / Lasalle)

Also, the Industrial Conservation Incentive (ICI), which our Government expanded significantly over the course of the last few years is a major potential savings approach for many industrial customers.

Participants in this program are incented to shift consumption from the 5 most critical peak hours of the year. Those hot summer days and cold winter nights when our electricity system is taxed.

By moving into this form of electricity rate, qualifying businesses can save anywhere from 10-30% on their electricity bills. And those who undertake more conservation are rewarded with even higher savings.

Now, this is a program that has been around for a number of years, and while we have recently taken steps to expand eligibility, we have been consistently surprised that more firms don't know about this program or how to participate.

And that's fair. You and your businesses are busy. Electricity management isn't your number one priority and if given an extra hour of the day, you might want to spend that on business development, or with your family, rather than pouring through various Government and Utility websites.

So, as part of our recently announced "Fair Hydro Plan", our government partnered with the OCC to ensure that we communicate with your members in the easiest and most accessible fashion. I'm pleased that we have recently received an update about that work-plan and I'm keen to hear more, as your process ramps up and commit that we will work with you to help ensure maximum uptake of these important savings programs for businesses.

Earlier, I committed that we would spend as much time as possible with questions, but I'm glad I got the chance to outline these important points, and I hope that this has been a helpful introduction.

So, happy to take questions on these topics, or really any other concerns that you might have.

Thank you.