Minister Thibeault Remarks | Ontario Energy Association Conference 17
Omni King Edward Hotel, 37 King Street East | Monday, September 25, 2017

Good Evening:

Thank you for that kind introduction, First Name [*Last name, position, organization*].

This marks the second time that I've had the privilege of addressing this annual conference, as Ontario Minister of Energy.
It's not often I'm delivering remarks after a scotch tasting.

And when it comes to whiskey, I think Mark Twain said it best:

Too much of anything is bad, but too much of good whiskey is barely enough.

So, knowing this impotant adage, I'll keep this address brief.

Earlier in today's conference, an array of energy experts discussed various themes:

From clean energy to energy planning & governance and market renewal, the content of this year's conference was significant and diverse.

Now, I know that many in this room would like to know when exactly the Government will release the next LTEP.

[Pause]

I'm one of them.

[Pause]

But my intention this evening is to give you a line of sight into our thinking as the Ministry of Energy undertakes to put the finishing touches on the 2017 Long Term Energy Plan; which will be released later this Fall.

The theme of the plan will be "Delivering Fairness & Choice"…

…Designed specifically to put the customer – and by that I mean **all** customers: residential, commercial & industrial ratepayers…

…At the very core of our thinking.

We need to ensure that they are first and foremost in our thoughts when taking any decision as it pertains to energy and electricity policy.

By fairness, I mean delivering on our Government's hydro plan, but also going forward, with procurement decisions that reward those who can mitigate or reduce electricity rates.

And delivering choice means unlocking more tools for consumers and unleashing the innovations and technological modernization that we see coming in the years ahead.

As everyone in this room understands, these new technologies and novel innovations are emerging at all junctures of the electricity grid.

From smart thermostats that can predict when you are due to arrive home, optimizing home heating and cooling to save money and improve comfort.

To new and emerging energy storage and conservation technologies that can reduce system costs, enhance grid reliability and improve the operation of our large assets – like hydro power.

Each stage of the energy sector "food chain" is evolving.

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

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

To that end, our regulatory and public policy governance structures need to evolve as well, to keep up with this ever-changing marketplace.

To do this, we need to become less prescriptive and allow for leaders at all segments of the value chain to enter the energy market without an overly heavy-handed regulatory model.

Also, this means that Government will need to take a step back from picking specific technologies,

winners and losers, and allow for a more dynamic, competitive and outcome-based approach.

At the same time, we should 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 through a collaborative regulatory process.

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

Now, I'm not going to stand here and say that the "the energy sector is ripe for change".

Because that has been the case for most of the last 30 years.

This sector, globally, is always coping with change – for better and for worse.

Ontario's energy sector is constantly evolving.

And Government can either help or hinder that evolution.

In the past, Governments have tried to bend the path of that evolution or speed it up through specific policy interventions.

We've seen the consequences – both positive and negative - of those actions.

About a decade ago, Ontario began phasing out coal for the purposes of electricity generation, making us early leaders in a global evolution towards the decarbonization of electricity generation.

Our aggressive renewable procurements and integration helped evolve our sources of supply and take Ontario from last to first in the country when it comes to installed wind and solar generating capacity.

It would be honest and fair for me to admit that the pace of this evolution, encouraged by successive Governments, was part of the reason for the price increases that angered consumers over the past few years.

While the goals of these initiatives have been worthy **and** have resulted in an electricity system that is 90 per cent emissions free, the implementation of these policies has not always been done as efficiently as possible.

Eliminating coal and increasing renewable generation made Ontario a leader in North America – and the world – for environmentally sustainable energy and electricity production.

In the past, you may have heard me speak to these facts.

It wasn't the "what" – it was the "how".

To that end, as we set out to deliver the next Long Term Energy Plan, our Government will place the consumer at the centre of our decision making.

Technology specific procurements that stifle competitive tensions and discourage innovation will

be replaced by transparent and competitive market mechanisms.

At the same time, there has been a major evolution in technologies, such as energy storage, that have occurred largely behind the scenes.

Supported by the Smart Grid Fund, as well as short-term IESO pilot contracts, demonstration projects are in various stages of completion, with some already in operation.

As well, our Government has been pleased to see an evolution that gives consumers, both residential and industrial, more choice and control over their energy use…

…And begins to see them play a more active role in the energy system.

Last year, residential demand response initiatives cleared the IESO's auction for the first time.

Just this past summer, our Government introduced new regulations to expand and exhance the existing net metering framework.

And just last month, I helped the Ontario Energy Board launch a new round of pilots that offer customers new price plan options that are better suited for their individual needs and lifestyles.

With all of this choice will come new opportunities for consumers to play an ever increasing role in the electricity sector and force policy makers and industry leaders to adapt.

That adaptation – on the part of each and every one of us – represents the next major evolution within our sector.

I believe each of us needs to change the way we think about our role in this sector.

I believe that the best role for Government is to get out of the way of innovation and to stop attempting to engineer development of the supply mix with overly prescriptive policies.

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 without countless Government directives.

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".

Our Government will put these beliefs into action with the release of the next Long Term Energy Plan, later this year.

However, I'd like to give you just a few examples of the type of actions that you'll see, in the very near term.

First, our Government will amend regulations to better value energy storage and allow it to compete on a level playing field with other technologies in our supply mix.

We recognize that, depending on time of day, storage resources can act as both generation and load.

The current regulatory framework that sees energy storage resources penalized when they draw surplus electricity from the grid will end.

The uplift and global adjustment charges that price electricity storage technologies out of the market will be amended with a view towards levelling the playing field and recognizing the full value from these innovative and multi-service resources.

Commented [MW1]: Recommend Ministry fact check on this section.

Second, our Government will work with the Ontario Energy Board to strengthen customer protections.

LDCs are bound by strict customer service rules and work to hit key performance metrics each year, but unit sub-meter providers are not bound by the same rules.

Our Government will extend the authority of the Board to encompass all companies that interact with customers. [does this include retailers that also interact with customers?]

At the same time, utilities and their shareholders need to be given increased financial incentives to maintain quality performance and drive to reduce costs.

I'm particularly keen to see some measure of accountability, directly with the customer.

Looking to other jurisdictions, we notice that something as simple as a "reliability guarantee" could provide just such an incentive.

Michigan, for example, offers customers a refund in certain circumstances if outages occur and last longer than a pre-set period of time.
It will be with these sorts of initiatives and incentives that put the customer first, when making energy policy decisions, while we continue to transform our supply mix towards a more dynamic electricity system.

Ontario's energy and electricity sectors have been on a remarkable journey over the course of the last decade.

We shuttered our coal plants and went from last to first in Canada with regards to renewable generation.

We helped to incubate and develop new conservation and demand management technologies, building on our adoption of smart meters.

And through our Fair Hydro Plan, we've taken the necessary steps to more fairly share the costs associated with our electricity sector investments.

This next LTEP isn't likely to signal the need for any new generation requirements in the near term…

But that doesn't mean the policy document isn't an exciting and challenging product.

Driven by innovation and customer demands, the traditional electricity sector is going to need to adapt to serve the needs of consumers better.

It is the intention and mandate of the Ontario Ministry of Energy to ensure that we can help create the conditions for success for those innovations, and always keep an eye on any customer bill impacts.

To accomplish these goals – to enable the continued evolution within the electricity sector – we are going to rely on the strong relationships and tremendous leadership found in this room.

Your support in delivering on these policy goals will be vital as we work together to implement the next Long Term Energy Plan.

Since being appointed Minister of Energy in June 2016, I have learned a lot from the people in this room, and many others across Ontario.

Regardless of whether it is visiting a biomass facility in northwestern Ontario or meeting electricity storage innovators [use different example ie. IFMC, SMR?] making a pitch in our boardroom at Queen's Park – I've been impressed with the enthusiasm and drive of everyone in this sector.

And while you represent different perspectives – sometimes different technology options – you are united by a common vision to deliver energy and

electricity resources to people in the most efficient way possible.

Technology will change, but our goals remain the same.

And with the upcoming launch of the 2017 Long Term Energy Plan, our Government will give voice to that goal, those ambitions and continued market evolution.

Thank you and I look forward to the rest of the evening.

[End.]