

Remarks for
Hon. Glenn Thibeault, Minister of Energy

Electricity Distributors Association's (EDA)
Annual General Meeting
Toronto, Ontario

March 26, 2018

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

Thanks for that kind introduction, **Brian** [*Wilkie, Incoming EDA Chairperson, President & CEO, Niagara Peninsula Energy*].

Good evening everyone.

I'd like to begin by thanking the EDA for inviting me to speak at your annual general meeting.

And acknowledge **Teresa** and her team for their incredible leadership. Not to mention a well-earned congratulations for all those receiving awards this evening.

Parmi les personnes présentes dans l'assemblée, je voudrais remercier tous les dirigeants des sociétés de distribution locales qui sont ici ce soir.

Je vous remercie également du travail extrêmement important que vous effectuez en distribuant de l'électricité aux millions de foyers et d'entreprises partout dans cette magnifique province, 24 heures sur 24 et 365 jours par an.

Mais ce n'est pas l'unique mission que les SDL — et par extension l'EDA — remplissent pour notre province.

L'an dernier — a été, sans aucun doute, l'une des années les plus chargées dans toute l'histoire du ministère de l'Énergie...

Les SDL et l'EDA, ont joué un rôle crucial dans la concrétisation d'un certain nombre de priorités clés de notre gouvernement.

[As I look out across the room, I want to thank all the leaders from Ontario's Local Distribution Companies in attendance tonight.

And to thank you for the critically important work you do in delivering electricity to millions of homes and businesses across this great province 24 hours a day, 365 days a year.

But that's not all LDCs – and by extension the EDA – do for our province.

Last year – by all accounts was one of the busiest years in the Ministry of Energy's history.

LDCs, and the EDA, played a critical role in helping to bring to life a number of our government's key priorities.]

Be it Ontario's Fair Hydro Plan – which provided the single-largest rate reduction in the province's history...

The EDA's ongoing work with the Independent Electricity System Operator (IESO), and the Ontario Energy Board (OEB), in implementing the province's 2017 Long-Term Energy Plan...

Or the collaborative spirit that has gone into efforts to improve customer bills...

We know that LDCs know their customers best.

As a result, we will amend regulations to give LDCs increased flexibility to design bills that are tailored to their customers' needs on a timeline that best suits each utility.

The common theme here is that you were engaged partners in helping see these initiatives through.

And for that, I offer my thanks and gratitude.

Of course, given the unprecedented level of transformative change, Ontario's \$20 billion electricity market is currently growing.

Now is not the time to rest on our laurels.

And that's why I'm here tonight.

To highlight some key initiatives we are working on to stay ahead of an evolving energy market.

While continuing to make energy more affordable, and provide customers with more choices in their energy use.

Driving innovation in Ontario's electricity market is a big part of this.

This focus on innovation – particularly on the part of Ontario LDCs – is also highlighted in the EDA's current *Power of Local Hydro* campaign.

This campaign is customer-focused, improves the province's regulatory framework, and supports the transition towards a low-carbon economy by reducing GHG emissions.

These are also priorities for my ministry.

But, above everything else, driving innovation forward has the potential to bring new energy-focused technologies and services to market more quickly....

Innovation to better accommodate a more engaged, more actively involved Ontario consumer who wants more choice...

Innovation to digitize Ontario's grids, providing the information you need to make the right decisions for your utility...

And that allows your customers to make the right decisions for their lives and livelihoods...

As we discuss innovation, energy storage is a good place to start.

This game-changing technology not only has the potential to revolutionize the grid...

It could help Ontario store its surplus baseload generation for use during peak periods.

And, in doing so, further reduce our need for fossil fuel generation.

For LDCs, energy storage has the potential to improve asset management and defer costly upgrades to the grid.

That's exactly why Ontario procured 50 megawatts of different types of energy storage through a two-phased procurement process, led by the IESO.

Additionally, energy storage was featured in last year's update to the province's net metering framework.

An amended Net Metering Regulation, came into force July 1, 2017...

... Allowing for energy storage to be paired with renewable energy systems, removing the previous 500 kilowatt project capacity size limit, and extending the carryover period for bill credits to 12 months.

This is to ensure businesses and consumers alike have more opportunities to generate, and subsequently store, renewable energy.

Recognizing the potential for net metering as a platform for new customer-utility relationships...

Our 2017 Long-Term Energy Plan committed to further enhancing our net metering framework, including:

- Enabling third-party ownership of net-metered renewable generation facilities while ensuring appropriate consumer protection measures are in place; and

- Providing flexibility for distributors to permit virtual net metering demonstration projects by participating in a program to be administered by the IESO.

In that spirit, we continue to work with our System Operator to develop an innovative renewable distributed generation program that would, in part, be used to select and support virtual net metering demonstration projects.

We anticipate that utilities would have a central role in these demonstration projects that will require new approaches and partnerships across the sector...

I have no doubt Ontario's LDCs are up to this challenge, given the strong vision for innovation laid out in the EDA's 'Power To Connect' vision paper and recently released roadmap.

As the membership of the EDA knows well, innovation and smart grid solutions are providing important and exciting opportunities and challenges for the distribution sector.

Many of you are already experimenting and implementing in this space.

Alectra's "Powerhouse" model shows how integrated, solar PV and storage solutions can revolutionize the customer experience.

Enabled by our government's Smart Grid Fund, Veridian Connections is experimenting further by building out a completely net-zero community, with over two dozen homes that would be part of this innovative pilot project.

Ottawa Hydro has been exploring what opportunities battery storage and demand response solutions can provide to help manage power quality and local distribution system conditions.

And while these experiments are only in their infancy...

Many of you have expressed to me that new business models are "just around the corner".

I couldn't agree more.

We are excited to explore ways to break down barriers to allow LDCs to consider new lines of customer service.

And that's why, as part of the implementation of our government's Long-Term Energy Plan, we launched the fourth round of the Smart Grid Fund earlier this month.

Applications for Phase 1 were due last Friday and I'm keen to hear the results.

As many of you know, Phase 2 intake will be launched shortly.

This fund was specifically designed to help pilot new and innovative approaches and smart grid offerings, including asset optimization, distributed energy resource management and EV integration.

The increase in distributed resources, and the growth of electric vehicles has the potential to challenge the traditional grid, seeking to manage and integrate these new, two-way power solutions.

At the same time, smart grid innovations can help us manage existing assets better, delay the need to replace or upgrade infrastructure...

And integrate demand response solutions in such a way that they can provide additional value to the grid, save ratepayers money **and** create value for shareholders.

Ontario's Smart Grid Fund has a goal to encourage innovation, reward risk takers and pilot new technologies, software and operational solutions that present an alternative to building traditional poles and wires.

And while we explore those innovative pilots and learn from their early application...

The Smart Grid Fund is only a small, time-limited funding source.

Innovation goes well beyond bringing new energy-related technologies and services to market.

We also need to drive good ideas forward to provide more choices for Ontario's energy consumers.

And that's where the EDA's Ontario Electricity Consumer Panel comes into play.

This panel – the first of its kind in the history of our province's electricity distribution sector – was launched last May with its membership drawn exclusively from Ontario electricity consumers.

The panel's goal is to create an online community in which electricity consumers express their opinions on pricing, conservation, local power generation and other energy-related issues.

And as this online community is projected to grow from 600 participants to up to 2,000 participants...

The EDA will, in turn, be given access to a substantial sample size of customer-focused data to help inform electricity policy decisions.

And I want to personally thank the EDA for having foresight in creating this panel.

Like the EDA and LDCs, our government is also doing its part to drive innovation forward.

That's because we all have a vested interest in staying ahead of today's ever-changing energy sector.

With this in mind, last December, we announced the launch of a comprehensive review of the Ontario Energy Board (OEB).

Led by Richard Dicerri, with Cara Clairman and Bruce Campbell as additional Panelists, the review panel will explore how the mandate, role, and structure of the OEB could be modernized to assist it in responding to a rapidly changing energy sector.

The members of this panel are currently gathering feedback from Ontarians, examining best practices from other jurisdictions, and will report back to government by end-of-the-year.

I should add: Ontario is not alone in undertaking a review of this scope and scale.

At last count, over 30 U.S. states were undertaking grid modernization initiatives, looking at policies, market structures, and reforms to prepare for the changes ahead.

Now, while bringing new energy-related technologies and services to market more quickly...

And improving the customer experience is no doubt important.

The ability to harness Ontario's immense collective strength and world-renowned ingenuity is absolutely critical to tackle the generational issue of climate change.

Fortunately, Ontario is doing its part to address this global issue.

When it comes to our electricity system, I can proudly say that our grid is over **95 per cent free** of the emissions that cause climate change.

This incredible accomplishment is attributed to two things.

The forward-thinking investments we've made as a province in clean energy generation...

Coupled with our success in phasing-out coal-fired generation.

In fact, on April 15th we will mark the four-year anniversary of when Ontario completely cut-out dirty coal.

And just a few weeks ago, Ontario Power Generation (OPG) demolished the smokestacks of the former Nanticoke Generating Station, which at one time, was the largest coal-fired generating station in the world.

Symbolically, the site is now being transformed into the Nanticoke Solar Project, a clean energy partnership between OPG and the Six Nations of the Grand River Development Corporation.

Eliminating coal-fired generation reduced Ontario's greenhouse gas emissions by 30 mega tonnes – the equivalent of removing seven million cars from our province's roads.

Not to mention the improvement to our air quality, and our quality of life.

In 2005, 53 smog advisories were reported in Ontario.

After we killed coal, the number of smog advisories was zero.

That means our children are free to play outside without the fear of their health being threatened by smog and air pollution.

Ontario's clean and low-carbon electricity grid will also play an important role in developing the zero-emission transportation sector of the future.

This includes our province's Climate Change Action Plan-specific commitment in establishing a province-wide electric and hydrogen passenger vehicle sales target of five per cent in 2020.

Things are looking positive on that front.

Last year, Ontario replaced Quebec as the leading province for annual electric vehicle sales.

But addressing climate change to create a more sustainable world for our children – and their children – will require a collective effort on the part of all Ontarians.

Our province, it must be said, is doing its part.

Sur cette note positive, j'aimerais une fois de plus remercier l'EDA de m'avoir convié à m'exprimer devant vous ce soir.

Merci et bonne soirée.

[And on that positive note, I'd like to once again thank the EDA for inviting me to speak tonight.]

Thank you, and good night.]

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