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Subject: Statements from Minister of Energy on the 2017 Auditor General's Report



News Release

Statements from Minister of Energy on the 2017 Auditor General's Report

December 6, 2017

Minister of Energy Glen Thibeault issued the following statements in response to the release of the Auditor General's report:

I would like to thank the Office of the Auditor General for its analysis. Our government remains committed to working with the Office of the Auditor General and respectfully reviewing the independent views it provides to the Legislative Assembly.

Statement on the ICI

The Industrial Conservation Initiative program has been successful at reducing peak electricity demand and helps large consumers lower electricity prices by one-third on average, helping them to remain competitive and focused on creating jobs.

In fact, our system operator estimates that this program reduced peak demand by about 1,300 megawatts in 2016 -- the peak electricity demand of a city roughly the size of Mississauga. That's about 6 per cent of Ontario's peak electricity demand.

That means that this program helped avoid the need to build costly new generation in the longer term, which is a benefit to all ratepayers across the province, both residential and commercial.

Under Ontario's Fair Hydro Plan, the program was recently expanded to include many more Ontario businesses, including manufacturers and greenhouses with average monthly peak demand above 500 kilowatts.

Statement on Cybersecurity

Safeguarding the security of our electricity system is a top priority for the Independent Electricity System Operator. The North American Electric Reliability Corporation (NERC) recently audited our system operator and found the IESO fully compliant with continent-wide operating standards, including recently introduced cyber asset protection rules that represent significant progress in mitigating cyber risks to the bulk power system. Our System Operator puts a strong emphasis on cybersecurity, and is already in the process of recruiting a new Chief Information Officer (CIO) with an enhanced focus on cybersecurity. They are also considering creating a senior-level position for cybersecurity with formal reporting to both executive leadership and the Board of Directors.

Our System Operator is also implementing previous recommendations to increase the number of cybersecurity staff, which is in line with the Auditor General's recommendation.

It's important to note that our System Operator complies with all applicable NERC Critical Infrastructure Protection standards, which include standards for cybersecurity. The electricity sector is unique as the only critical infrastructure sector with mandatory and enforceable cybersecurity standards.

Statement on IESO Market Programs

We are confident in the Ontario Energy Board and our System Operator to run an efficient, reliable and fair electricity market for ratepayers across the province. Both the Real-Time Generation Cost Guarantee Program and Congestion Management Settlement Credits play important roles in our electricity system, ensuring we have a system we can depend on to keep the lights on. These are programs that ensure that when Ontario families and businesses need electricity, it's there for them. If these programs were eliminated, reliability would be put at risk.

Both programs have evolved over the years, and costs have been constrained substantially. Our system operator continues to prioritize reliability and optimize programs within the existing electricity system framework.

Abuses within the system are completely unacceptable. That's why they have been investigated, and where wrongdoing was present, costs have been recovered and returned to ratepayers. We are also working together with our agency partners to review the potential for increasing legislative powers to assist our system operator in performing its critical responsibilities.

Our system operator is also in the process of implementing Market Renewal, which will reform Ontario's electricity markets, increasing both flexibility and efficiency. Market Renewal is projected to save up to \$5.2 billion over ten years.

CONTACTS

Colin Nikolaichuk
Minister's Office
416-325-2690
Colin.Nikolaichuk@ontario.ca

Natasha Demetriades
Communications Branch
416 327-3855
Natasha.Demetriades@ontario.ca

Ministry of Energy
<http://www.ontario.ca/energy>

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99 Wellesley Street West 4th floor, Room 4620 Toronto ON M7A 1A1