

St. Catharines-Thorold Chamber of Commerce

**Powering Opportunities with the Niagara Renewable Energy
Business Community**

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CHECK AGAINST DELIVERY

Good afternoon everyone. Thanks, Walter, for putting this together. This is a great cross-sector group, and it's good to check in with you. I just spoke to educators earlier today, so I better make sure I have the right speech.

When I come back to this part of the world, I can't help but recall my very early days at the Ontario Power Authority. I got a very warm welcome when I met with the Niagara District Chapter of the Electricity Distributors Association. I told them at the time that they were my favourite chapter. But then again, for a while, they were the only chapter I'd met with. They still are my favourite group. (Although, I do say that to everybody.)

Also in coming here to Niagara today, though, I have to confess that it wasn't without some trepidation. It brings back some rattling memories. I was in Niagara Falls at the Ontario Electricity Association annual conference – four days into my job as CEO – when I delivered my first speech. It happened to be the same day – and at the same event – that George Smitherman delivered a speech that would change direction for us at the OPA quite dramatically and forcefully.

So now, as you know, we do have another new minister.

And just two weeks ago, the same day that I was speaking at the Toronto Board of Trade, the Ontario government announced the details of its agreement with Samsung, another event with significant implications for the OPA.

Here I am in Niagara, with the business community – pair those two elements. So, I hope you'll forgive me if I'm constantly checking my Blackberry.

But seriously, it's great to be here to speak to a group that is so actively engaged in renewable energy. I must applaud you on your extensive European mission and your work in developing a local supply chain for the manufacturing and assembly of components for alternative energies and offshore wind turbines. In our work at the Power Authority, we also looked very closely at what was happening in Germany and Spain and the experience in Denmark as we began work to develop our Feed-in Tariff Program.

I'd like to start by saying that OPA is looking forward to working with you as we begin this exciting new chapter in Ontario's electricity history.

I'm going to make some general comments about the economic opportunities available to you under a number of programs at the OPA – whether as an investor or project proponent in our Feed-in Tariff, or FIT, Program, and through the significant incentives to reduce your electricity costs by participating in our conservation programs.

But before that, I'd like to take a step back and fill you in a little bit about what the OPA has accomplished in the past year and where we're going.

While Canada was portrayed in a less-than-flattering light at the recent climate change talks in Copenhagen, Ontario has a very different story to tell. A very good story to tell.

In fact, with the passage of the Green Energy Act last May, Ontario is on a very different course for the province's energy future.

The Act positions Ontario as a global leader in both conservation and renewable energy. It's expected to encourage billions of dollars of investment in Ontario's electricity sector and create 50,000 green collar jobs in its first three years – and serve as a catalyst for the greening of other parts of the economy, such as transit and vehicles.

Our mandate at the Power Authority is to secure a sustainable and reliable electricity system for the future. The OPA clearly recognizes that reliability and sustainability are based on having an integrated and diversified supply of resources – including gas, hydro, nuclear and renewable energy along with the appropriate conservation and transmission resources – to meet our electricity needs.

I ask you to think about how far we have come in a relatively short period of time. Six years ago, blackouts were a real possibility. We went through several summers with our fingers crossed about keeping the lights and air conditioners on.

This year the OPA turns five. We now have 13,000 megawatts of new and replacement supply under contract, representing a \$15.3-billion investment in the sector. 2010 will bring another 4,500 megawatts and \$7 billion in additional investment. In all, over the next three years, generation contracts under OPA management will double in megawatts and triple in dollar value to over \$44 billion. On a 35,000-megawatt system – give or take – that's a lot of investment and a lot of growth.

What else does this mean? The Independent Electricity System Operator is confident about our outlook for the next 18 months, the time horizon they look at, and I am happy to say that the OPA planners feel our electricity supply is secure looking out to 2014.

Beyond that we have some serious decisions ahead of us, but we have some room and many options to choose from.

Conservation will always be our first priority – after all, the cheapest electricity is that which one you don't have to generate in the first place. We have the most ambitious conservation targets in North America – 6,300 megawatts by 2025 or the equivalent of taking one in five households off the grid altogether by then.

And with the local distribution companies taking on a greater role in conservation, not only are we well on our way to meeting an important milestone – roughly the halfway mark – we are looking at accelerating and exceeding the overall target.

For the Power Authority, much of 2009 was about designing and launching our Feed-in-Tariff renewable energy program, which is the most comprehensive and the first of its

kind in North America. This year, a major focus at the Power Authority will be on the successful implementation of this program.

FIT is our primary vehicle for building our supply of green energy here in Ontario, and it is enabling us to eliminate coal from our supply mix by the end of 2014 – North America’s single largest climate-change initiative under way right now.

In fact, we are the first jurisdiction in the world to be eliminating coal-fired generation entirely.

We are also in the midst of a significant rollout to install millions of smart meters and update our grid.

To sum it up, Ontario is one of the few, if not the only, jurisdictions to be taking this kind of a holistic approach – ambitious conservation, greener generation, significant transmission investment and long-term planning – in transforming its electricity system to meet the economic and environmental challenges of today and tomorrow. With significant investments in every part of the sector, Ontario will reap economic benefits and involve more engaged consumers in a smarter, more reliable, cost-effective and sustainable electricity system.

So what does this mean for you? This is where the plugs for our programs come in – no pun intended – although perhaps “plugs come out” is probably more appropriate in this context.

Above all else, what it means is that there are opportunities for businesses – big and small – to participate in new conservation programs

Yes, electricity prices are on the rise. It goes along with the significant updating of the system we have under way. We are sensitive to that, and that’s one reason we and your local distribution company have developed conservation programs that are designed to help you increase your productivity, reduce your operating costs and increase your competitiveness.

For commercial, industrial and institutional customers, we have our Electricity Retrofit Incentive Program (ERIP), a great opportunity to conserve energy by investing in more energy efficient technologies – whether it’s lighting, heating or more efficient motor systems.

Another example is our recently launched Industrial Energy Efficiency Program. The program helps companies to fast-track capital investment in major energy-efficiency projects. It is designed to deliver bottom-line results through process changes and equipment retrofits.

We've also got a High Performance New Construction Program to incent energy efficiency. I encourage you to explore our website as well as talk to your LDC.

There are also new ways to earn revenues for your business – through demand response programs and through the FIT Program.

The OPA has three demand response programs. These programs compensate businesses that voluntarily or contractually cut back on their electricity usage during peak periods.

The Green Energy Act also allows you, as a business or as homeowners, to benefit from a new source of revenue – by participating in renewable energy in a new way – not just as energy consumers but as electricity generators. For example, you can outfit your company's rooftops with solar panels to generate your own electricity. Under our microFIT Program, designed for projects of 10 kilowatts or less, you can also do the same at home. You will be paid an attractive, guaranteed price for all of the electricity your project produces for at least 20 years

And those aren't the only opportunities. There are also extraordinary opportunities for businesses in Ontario and beyond to participate in and fund large-scale renewable energy projects under the FIT Program – as many of you already know. But for those of you who don't, consider those guaranteed prices and 20-year contracts – based on an 11-percent rate of return. That means a payback in 11 years or so. It gives you the kind of stability you need to participate in the green economy.

And we're putting programs and incentives in place for communities, First Nations and Métis peoples so that they can participate more than ever in Ontario's electricity sector as well.

It's been an incredibly successful launch. So far, we've received 3,400 applications for our microFIT Program. And we've approved 1,200 preliminary contracts. On the FIT side, we've received 1,200 applications.

In total, the applications represent about 9,500 MW in potential new renewable capacity. If we break those numbers down further, that amounts to about 79-percent wind-energy capacity and 15 percent in solar projects. The remainder of the applications are for our bio-energy and waterpower projects.

But we believe there are still untapped opportunities.

According to World Wildlife Fund International, by 2020, the clean-tech industry will be worth \$2.45 trillion – ranking as the third-largest global industry behind the car and electronics industries. Canada is currently lagging according to the study – Canada ranked 21st in clean-tech investment, well behind the top three countries, Denmark, Brazil and Germany, while the US ranked 19th. Of course, that isn't news to those of you in this room. And “lagging” certainly doesn't apply to you – since many of you are already fully engaged in the clean-tech industry.

We've seen a lot of foreign interest in our Feed-in Tariff Program. The Deutsche Bank, for example, has had great things to say. Companies are coming to Ontario. I am hopeful Canadian banks, lenders and pension funds will see opportunities for themselves as well as they get more familiar with the program and the projects under development.

A couple of last quick things:

- You might be interested in coming to the microFIT open house tonight in St. Catharines.
- Soon we will be setting up a vendor list of suppliers and installers of renewable energy technologies for schools and social housing providers to use to install \$120 million of renewable energy projects.
- And, we continue to work on combined heat and power, CESOP, energy from waste and where to go next with the FIT Program.

So – to recap – Ontario has a very good story to tell and I hope now you can see why. Count up the number of times I said we were leading North America or the world – be it conservation, coal elimination or the first comprehensive feed-in tariff program on this continent. Then consider that we're also leading in smart meter installation and doing a significant grid build – all at the same time.

There's a lot going on – lots of opportunity. I'm interested to hear how things are going and what your plans are.

I'm happy to take your questions and I hope we can have a chance for a good two-way discussion.