

New Roles and Responsibilities of the Ontario Power Authority

A presentation by
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CHECK AGAINST DELIVERY

Good morning everyone. Thank you very much for that kind introduction.

I'm very glad to be here and, frankly a little bit surprised since some of us were here just 10 months ago actually. I guess that means that Osgoode is either very forgiving or very forgetful for the things I said the last time.

Either way, I'm very happy to be back here to give you an update on all of the many things that are going on in Ontario with regards to transforming our electricity sector.

For those of you who don't know what the OPA is and what we're about, we're an agency whose mandate is to ensure a sustainable and reliable electricity system for Ontario.

To that end, we do a number of things. Conservation is first on our list. We have a number of programs. But we're also responsible for putting together long-term plan, an integrated plan for the province. You may have heard about something called an IPSP.

I'll talk a little bit more over the course of my remarks, as I'm sure others will that will follow me.

We're also responsible for tendering. We do a large bulk of contracting, RFPs, standard offers and the like. When I was here last June, I talked about some historic changes there were underway.

At that point, the Green Energy and Green Economy Act that had just received royal assent.

It really has two focuses in it. One of them--to promote a culture of conservation---generally that's the one that gets a little less attention. The other key element of that Act is that it looks at dramatically increasing the role of renewable energy sources.

It also talks about enhancing the Smart Grid and a few other things. But really, two of the leading elements are renewables and conservation. And that's really where the Ontario Power Authority comes in.

We've certainly come a long way in a very short period of time. So, if you look at where Ontario was last year, it wasn't that the Act was a glimmer in

the eye. But obviously a lot of corresponding elements that were enabled by the Act were still in the design stages.

I'm here to speak from the perspective of one of the organizations that's putting the Act into practice.

I probably should just give you a quick overview of our integrated plan. A few key high notes.

We have very ambitious conservation targets. For a while we were saying that we have the most ambitious conservation targets in North America. I think they still hold—6300 megawatts in peak demand reduction by 2025 which is roughly the equivalent of taking one in five households off the grid altogether.

We're well on our way to achieving those targets. We're almost a third of the way there.

We're getting out coal and eliminating that from our supply mix and we can confidently say we're going to do that by 2014. And we're the first in the world to do that.

That's a significant part of our meeting greenhouse gas emissions and carbon footprint targets or aims and ambitions. The electricity sector itself is going to reduce its carbon footprint by 75 % and that's what George is alluding to when he said that it's a sector that's pulling more than its weight.

Until recently, we've said that it is the single largest climate change initiative in all of North America. However, those pesky Californians are about to overtake us with their tailpipe emission changes.

We can still say that we are leading the charge because we've got ours underway. So, we're duking it out for 1st and 2nd place. The main thing is that it's very ambitious.

We're also leading the charge on Smart Grid implementation. And to that end we have 3 million smart meters already installed and many of you probably already have them installed in your homes already. we'll soon have almost a million people on time-of-use rates. So when you take the sum total of all of those and the renewables action that I'm about to talk about—I

don't think there's a jurisdiction in the world that is doing all of those things at the same time. In an integrated fashion. It's not only that we're doing some of them—but we're doing all of them at the same time.

Our Feed-in Tariff – certainly a cornerstone of the Green Energy Act – has been launched to great acclaim and acceptance. And the people at the OPA, led by Jason Chee-Aloy, who will be up here later this morning, have been working really hard with all of our stakeholders and LDCs to get it up and running.

Certainly, I think we can say the proof is in the pudding. Here we are just a year later with a program that went from design to launch and we're about to enter a period where we're about to offer significant contracts and more importantly, the economic activity that goes along with that.

The facts and figures change daily. It's a program that continues to remain open.

Since the program launched last October 1, we have received, as of the end of March, somewhere between 9,500 and 9,800 applications, which represents about 9,700 megawatts of potential renewable power.

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This includes about 7,800 applications for the microFIT program for projects under 10 kilowatts. Basically it's our household, residential program. And we've already processed and provided offers to about one-third of those applications. Offers are going on daily. Hopefully, at some point, if not already some of you in this room will be thinking about putting solar panels on your rooftops and accessing the program.

A few weeks ago we did our first announcement of the mid-sized program. And we did about and we did about 510 projects which are what we call capacity allocation exempt projects—and they have been approved. Most of them have ended up being solar. But they range from 10 kilowatts to 500 kilowatts and have a total generating capacity of 112 megawatts.

That's enough energy to power more than 13,000 homes or so.

These are projects that are in 120 communities across Ontario and from all walks of life: farmers, municipalities, local distribution companies, business and industrial facilities along with public institutions such as schools and hospitals.

There's even a winery and a church that participated in that program so far.

And if that doesn't tell you something about the widespread public acceptance of FIT and renewable energy, consider that Loblaws, Canada's largest grocery retailer, has been approved for rooftop solar installations on 136 of its Ontario stores--starting with a pilot project.

And now, we're very close to announcing the larger FIT contracts. And those are the ones that more than 500 kilowatts.

To sum it up, every one of the projects that has been approved – from the household rooftop solar to the large wind farms – is moving us a step closer to our goal of eliminating coal-fired generation by the end of 2014.

We're close to achieving that goal already. Last year, output from the province's coal plants dropped to its lowest level in 45 years and carbon-dioxide emissions from these plants were more than 70 per cent below the levels of 2003.

We're well on our way to reducing the carbon footprint by 75% of the electricity sector. That's progress that all Ontarians can applaud. And very central to our mission.

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As you know, the province is committed to reducing peak demand by 6,300 megawatts by 2025 and we think we'll get there ahead of schedule.

The Act now contains provisions for the establishment of conservation targets for individual, local distribution companies. So, they'll get their own share of that 6,300 megawatt target. And they'll be able to meet those targets in a variety of ways.

They can contract with the Power Authority and the programs that we offer. They can work with each other or they can go to the OEB and seek approval

for some of their own programs. What we do know is that the LDCs are by no means a homogenous group and some of them will want to use our slate of programs and some of them will want to use as much of this on their own as they can. We've been working very closely with the LDCs on exactly how that's going to play out and how their role that's evolving and expanding and how it's going to play itself out.

We've been working on a number of things up to this point. We've had a number of programs – niche programs targeted at individual sectors. Part of the vision on the way forward is to consolidate some of those programs and make it easier from the consumer's perspective to access programs. Regardless of whether they go through the LDC door or come in to the Power Authority. What we want to have programs available to them to help them manage their electricity bills and achieve real conservation programs.

Here we're taking a broader approach to conservation. This is where part of the evolution is happening. It's not just on the electricity front, it's also on natural gas and ultimately could go down the road of water and a variety of other things. We're trying to marry those things up in a true culture of conservation.

We're also trying to make it easier for LDCs with regards to ways with which we interact with them.

In this regard, I might mention our new data management system, ICON. This system and a new web-enabled portal have recently been installed to facilitate better communication between the Power Authority and the LDC community as well as more effective reporting tools to assist with keeping track of conservation progress.

We're getting lots of good feedback on it so far. And I think it's been working really very well. We're certainly going to continue with other conservation initiatives that we have. We have a conservation fund and a technology fund. They are research funds that are doing some interesting things. We're being told that it's a very effective way to interface with our back shop.

Today is a very exciting day for us at the Power Authority because we're launching a new initiative today with the World Wildlife Fund. Last year, we had an energy conservation week. This time, we're taking a slightly different approach. This year again it's going to be a summer-long conservation awareness campaign called the Power Pledge and the initiative is designed to demonstrate that a few simple and meaningful conservation actions can actually have lasting financial rewards and help fight climate change. We're also giving consumers an opportunity to earn Air Miles.

I encourage you to visit the campaign's website, www.powerpledge.ca and get involved.

And stay tuned because we're about to launch an ambitious energy-efficiency program aimed at the 58 biggest electricity users in the province.

Many of you who are in the room are probably aware of our IPSP. You're probably wondering: whatever happened to it? It's a good question. I can't get off a podium without someone asking the question. And I'm always very careful when I see Howard or someone from the OEB in the room.

We had submitted a plan back in 2007. By 2008 when I joined the OPA, we were in the early stages of that review when the Minister of Energy and Infrastructure. At the time asked us to have another go at it to increase the roles of renewable energy and distributed generation. He also asked us to see whether we could accelerate our conservation targets. The 6,300 I was talking about.

We were also asked to increase transmission capacity in certain parts of the province to enable the delivery of renewable energy and to enhance our engagement with First Nation and Métis communities.

So, now here we are, 18 months later, I'm happy to say we've made a lot of progress on all of those fronts.

We achieved a lot of what the IPSP set out to do in one way or another. Ontario's actually in really good shape today with regards to meeting our electricity needs.

We've come a long way in a very short time. It was only a few years ago, where collectively we had our fingers crossed as to whether we were going to keep the air conditioners on in the summer. There was even talk of bringing diesel barges into Lake Ontario.

Now, we can confidentially say we're going to be able to eliminate coal from our supply mix by 2014. Coal represented at one time about 20 per cent of our electricity supply.

We still stand behind the need for a long-term plan.

It makes a lot of sense and the focus for the way forward is going to be on that period beyond 2014.

We're going to have to start taking decisions now. A big part of our focus is going to be on maximizing the value of our existing assets. It will include things like refurbishing nuclear units, for example. After the 2014 period a lot of our renewables supply is going to be in service. And we're going to be facing some interesting new issues including electrification of transit and the coming of electrical vehicles. And of course we're going to have to see how the economy here in Ontario has come back and in what form.

So we were about to go in and see Minister Smitherman with our update on the IPSP when he made his announcement about leaving and then Minister Phillips was an interim minister and so we awaited the new minister.

We've started the process with him now. I can certainly say that he agrees with the need for a long-term plan. And so far what we've been doing is focusing on content.

We'll discuss the form or the process for reviewing a plan—whatever form it ultimately takes. It's important to know that the IPSP really did exist. Really did guide the resource choices and helped us to get to where we are.

One way or another, a lot of what was in there has been implemented. The Green Energy Act intensified our efforts on both the conservation and renewable energy.

But we've also received a number of ministerial directives that enabled us to improve supply in local regions such as Northern York region and the SWGTA.

And develop individual conservation programs and the like.

To sum it up, when you look at everything we're doing we're really taking a very holistic approach with regards to conservation--renewables, smart grid, getting out of coal.

We're working very closely with Hydro One, with IESO and the OEB where appropriate .

A big part of the focus in going forward is going to be matching up transmission priorities against the great information we've had through the intake of the FIT program. We are going to be able to fill up all of the available transmission capacity in the next period—the 2500 MW or thereabouts.

And then the focus will be on where to build out our transmission next. We're certainly going to play an advisory role to individual transmitters and LDCs as they go into the regulatory process. As they talk about new things happening.

Very fascinating times for us. I stand by what I said last year when I told you that “we are certainly turbo charging changes in a variety of areas.”

Very happy to be part of it. It's great to be in a sector where we're creating jobs and creating a significant amount of economic activity in the billions of dollars and the tens of thousands of jobs. So stay tuned. You're going to hear more specifics very shortly. 2009 was already a watershed year. 2010 is going to be just as significant.