

“Welcome Speech”

A presentation by

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To the

International Bar Association

**Biennial Conference of the Section on Energy, Environment,
Natural Resources and Infrastructure Law: Challenges for
Resources in a Changing World**

Four Seasons Hotel

Toronto, Ontario

April 26, 2010

CHECK AGAINST DELIVERY

Thank you to Tom and the IBA for having me here today. And for having your biennial conference.

Welcome to Ontario. And a special welcome to those of you who have travelled as far away as Frankfurt, Melbourne, Glasgow and Abu Dhabi And from all across the United States.

The topics on your agenda this week are even more wide-ranging than your countries of origin. And I hope we'll have even more success than the airlines in making connections for you throughout this conference.

I really enjoy coming to these types of events. We all learn by sharing perspectives. Especially since we face many of the same challenges—and opportunities—as we look to the future. It's a very timely agenda.

My job is to welcome and to provide some Ontario context.

Don't worry: I'm not going to go into a lengthy history lesson this morning. But if this is your first trip to Ontario, I'd like to give you a few highlights.

Toronto is not only Ontario's capital city, it's the largest city in Canada. It's also consistently ranked as one of the world's most liveable cities. It's the economic heartland of Canada and within a day's drive of a market of 135 million people.

The province of Ontario is home to a couple of thriving wine regions too. And luckily, from looking at the program, I see you'll have a chance to

sample some of our wines at the gala dinner Tuesday—if you haven't already.

One of those wineries is located near Niagara Falls—one of the world's most spectacular waterfalls. And one of Ontario's top tourist destinations. I hope you get a chance to see it.

But Niagara Falls is notable for another reason. A century ago, the Ontario government dreamed it could harness its power—that it could build a hydro-electric station there—to fuel Ontario—the country's economic engine.

It's a lesson worth remembering. And one that brings me to what I'd like to talk about this morning.

That investment in Niagara Falls helped lay the groundwork for Ontario's future prosperity—much like the investments we're making now. By building our supply of clean energy, we are building the foundation for Ontario's economic future.

As many of you already know, Ontario's electricity system is in the process of a dramatic transformation. In fact, electricity systems everywhere are. When you think of electricity in its first 100 years and compare that to where we're going in the next 10 years—especially here in Ontario—it's quite breathtaking.

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.

Last May, the government passed the Green Energy and Green Economy Act which set Ontario 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 the electrification of transit and the arrival of electric vehicles.

The goal is actually very simple: We want to build Ontario into a powerhouse of clean energy and green technology.

Our program is certainly getting a lot of attention. Not just here in Canada, but around the world.

And kudos from some notable people.

Al Gore, for example, recently called Ontario's plan "the single best green energy program on the North American continent."

This morning, I'd like to tell you more about the Green Energy Act. And how we're bringing clean energy on to our grid through our Feed-in Tariff program.

First, I should start by telling you about our mandate at the Ontario Power Authority.

Our job is to ensure a reliable and sustainable electricity system for the future of Ontario and the 13 million people who live here.

We have three main functions. We plan. We also coordinate conservation initiatives and contract for new energy supply.

We don't own generation stations or transmit electricity. We're also not involved in local distribution—that's up to about 80 local distribution companies across the province.

We were created a little more than five years ago after the break-up of a century-old monopoly in the province. At that time, Ontario was having trouble attracting investment into the energy sector. And like most jurisdictions, our electricity infrastructure has been aging. So we really needed it.

We were so stretched, we went through a couple of summers with our fingers crossed. Hoping we'd be able to keep the air conditioners on—that our supply wouldn't run out.

Fast forward to today—the lights are going to stay on because we've managed to get 13,000 MW of supply under contract, under development and online.

We've done a good job at getting us back to meeting our basic needs. And increasingly we're being asked to consider social, environmental and economic development objectives.

That being said, we still have challenges. Despite what some people think, not all of our electricity comes from Niagara Falls. About 50 per cent of our supply comes from nuclear, but our fleet is nearing end of life and will soon be in need of refurbishment or replacement.

One thing is for sure. With all of the economic turmoil of the last year or so, it's great to be in a sector where we are creating jobs.

The provincial government also made a decision to phase out coal, which not that long ago made up about 20 percent of our supply. This is one of the most significant climate change initiatives in North America. Until recently we could say it was the single largest climate change initiative in North America. But now California has caught up (I usually say pesky Californians, but I avoided that today—in case there are any Californians in the room). And coal will be gone by 2014. We're the first jurisdiction in the world to do so and it will reduce the carbon footprint of Ontario's electricity system by 75 percent.

Clearly, we had to find something to replace it with—and that's where our push into clean energy comes in.

And integrated and diversified resources are also essential to ensuring reliability and sustainability. And that means diversity in fuel types—natural gas, hydro, nuclear and renewables. There are many moving and interconnected parts to the electricity system. And we recognize that to make progress, we have to work on all of them.

That's why we have so many initiatives underway—conservation, the implementation of a Smart Grid, as well as a \$2.3-billion transmission build-out. And of course, renewable energy.

Lots of jurisdictions are doing some of these things. But we're doing all of them. And we're doing all of them at the same time.

Conservation will always be first on our list and we've got ambitious targets.

We're already well on our way to meeting our goal of reducing peak demand by 6,300 megawatts by 2025. That's the equivalent of taking one in five households off the grid. In fact, we're nearly one-third of the way there.

We're also working hard to change the mindset of Ontarians. To build a culture of conservation.

Electricity costs are on the rise and we're sensitive to that. It goes along with replacing aging infrastructure and making it cleaner and greener.

That's why we're giving consumers new tools that will empower them and help them manage their bills.

We've already implemented nearly 3 million smart meters and soon the entire province will be on time-of-use rates. We also offer a wide-range of conservation programs—programs that are for residential customers, but also for small, medium and large-sized businesses, as well as industrial customers. They include electricity retrofits and demand response programs,

for example. We've collected over 215,000 old refrigerators and we're focusing our attention on "phantom power"—the electricity consumed by certain electronic devices turned off but left plugged in that can draw up to 15 percent of total household consumption.

Much of our conservation savings are achieved through regulatory measures. We estimate that codes and standards may account for up to 40 percent of conservation gains in the long-term.

We're also encouraging consumers to earn revenues by generating renewable energy through our FIT and microFIT programs which have really put Ontario on the map.

We're hopeful that while producing electricity, they're going to be more conscious about consuming it wisely.

Our FIT program is the first and most comprehensive of its kind in North America.

We looked closely at the European experience as we were planning our program. We learned from their experiences in Spain, Germany and Denmark and came up with a made-in-Ontario model.

I'm happy to say it's been a resounding success.

And it's not a surprise given the design of our program. A wide variety of fuel types, project sizes—solar pv, on and offshore wind, biogas, water and landfill gas.

Our prices are designed to cover capital, operating, maintenance and connection costs and offer a reasonable rate of return—roughly an 11-per-cent return on investment and an 11-year payback depending upon the type of project. Those are numbers based on a 70/30 debt to equity split. Projects are guaranteed for at least 20 years—40 if they are water projects.

Let me share some figures with you. Since we launched the program on Oct. 1, we have received nearly 10,500 applications, representing about 9,800 MW of potential renewable energy.

Already we've awarded contracts for almost 4,000 small, medium and large size projects representing 2,500 megawatts of electricity—enough to power 600,000 homes.

Our domestic content rules also guarantee market opportunities for those who manufacture in Ontario. Samsung has committed to 4 manufacturing plants. Bosch Solar will be building Solar panels here. Just to name two examples.

We do take ownership of Environmental Attributes. The premise is that the Ontario ratepayer is paying premium prices for renewable energy and therefore should get the benefit. We will adapt to whatever regime comes into existence—whether it's federal/provincial or regional. We're part of the Western Climate Initiative and we're looking to see what role our inventory will play in a voluntary or compliance market.

Now, let me turn my attention to a few more details that I know you will be interested in hearing about.

Over the past few years, we've worked hard to build our renewable energy program by engaging Aboriginal groups.

Our model isn't so much based on property rights but is rooted in the idea of full partnership.

Therefore, FIT has price top-ups for projects with Aboriginal equity, loan guarantees and support funding for building capacity.

Most importantly, our model recognizes the key role Aboriginal groups are increasingly playing in our electricity planning, transmission and generation in this province.

For example, five of the top eight transmission projects highlighted as priorities for development are in the north and involve our First Nation and Métis partners.

Our goal has always been to go beyond our legal obligations.

These efforts and the tangible provisions that have come out of them are already paying dividends.

We've just awarded 16 major contracts to our Aboriginal partners as part of our recent FIT announcement.

It's important to note that we have also tried to engage community groups and municipalities in many of the same ways. We're offering special

funding to communities and municipalities to help them participate in renewable energy.

We've also streamlined the regulatory and approvals approach and established a one-window access point to assist developers, communities and municipalities interested in developing renewable energy projects and help developers manage through different ministries.

All of these initiatives are designed to smooth the way—to make it easier for groups to participate. And we've put in milestones along the way to ensure projects make it across the finish line.

So, as you can see, this morning I've tried to highlight a number of exciting initiatives currently underway in Ontario.

Ambitious conservation, eliminating coal, rebuilding and expanding our grid. Making it smarter. And greener and a big push on renewables.

I hope you can see why I say: Ontario has a very good story to tell.

In fact, when I told this story in Houston at CERA, North America's biggest oil, gas and electricity conference, my co-panelist, the chair of the California IESO said to the audience: "Well, now we should all move to Ontario." I said to him, and I'll say it to all of our out of town visitors here today, too. "You'd be welcome."

So, yes, Ontario has a good story to tell here in 2010 but in a way it's probably like what was happening a century ago here in the province. When Ontario's early planners looked to Niagara Falls they had a vision—a vision

they implemented. One that made the province a better place for all of its citizens.

I hope that when the next generation of children and grandchildren here in Ontario look to the skyline and see solar panels on rooftops and grocery stores—when they see windfarms across the countryside—they'll reflect on our vision. And ingenuity.

And they'll marvel that we had the foresight to build the foundation of their future prosperity.