

“Keynote Speech”

A presentation by

Colin Andersen

Chief Executive Officer, Ontario Power Authority

To the

**Ontario Chamber of Commerce—Annual General Meeting
and Convention**

**“Sustainability & Profitability of Going Green in Partnership
with the Ontario Power Authority”**

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CHECK AGAINST DELIVERY

Thank you for this invitation, David, Len and the Ontario Chamber of Commerce. I appreciate this opportunity to speak to you to at your annual general meeting. I know you certainly have lots to discuss. So, this is quite a privilege.

And it brings back many fond memories of my interaction with the Chamber from my past job as Deputy Minister of Finance.

You may not always have “fond memories” and “harmonized sales tax” in the same sentence. But certainly the work we did with the Chamber was important and productive. As well as timely and relevant.

It’s nice to see former colleagues on your program and to see familiar faces in the crowd.

It’s great to be here in Windsor-Essex at a time when you’re celebrating good news on so many fronts. Just recently, for example, there was the announcement that two major wind turbine projects have received contracts through our Feed-in Tariff program.

There’s also the news that Schletter, a large German manufacturer, is opening a major solar manufacturing plant here. As well as Youil Ensys.

More manufacturing facilities to announce plans to set up shop in the area over the past number of months.

In fact, the conversion of the shell of a former auto-parts plant to a small-scale wind turbine manufacturing facility is a perfect metaphor for what's happening in Ontario.

A metaphor for the transition from the post-industrial economy to the clean energy economy.

What we're seeing here in Windsor is a window into what's happening across the province.

We believe it's just a beginning. A very strong beginning.

All of this is the outcome of groundbreaking legislation that came into effect last May.

As many of you already know, the Green Energy and Green Economy Act positions Ontario as a global leader in both conservation and clean 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 goals in this province are ambitious: We want to become a powerhouse of clean energy and green manufacturing.

A showcase for the rest of the world.

In fact, we're already getting lots of attention. And kudos from some notable people.

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

There are still many untapped opportunities. And that's what I want to talk to you about today.

But first a word about who we are at the Ontario Power Authority. Our job is to ensure a sustainable and reliable electricity system for Ontario—for today and into the future. We're responsible for one of our most important infrastructure systems—fundamental to the businesses represented in this room and to the people who rely on it for their daily lives.

Our role includes long-term planning of the system, conservation and contracting for new supply from diversified sources—nuclear, natural gas, hydro electric and others. It's our job to "look under every rock" for cost effective electricity. We don't own, operate or build ourselves but we do provide a lot of opportunities.

Opportunities to clean the air. To create jobs in your communities. To make your businesses more productive and competitive. And to build a sustainable economic future for Ontario.

Ten years ago, it might have been a different story, but I think everyone in the room here today is probably in agreement: That what's good for the environment is also good for business. And good for our local economies. Long-run sustainability is essential to long-run profitability.

Speaking of sustainability, you may not know that the single largest climate change initiative in North America is underway, right here, right now in Ontario. We are eliminating coal from our electricity supply mix. It will be gone by 2014. And that means the carbon footprint of our electricity system will be reduced by 75%. Now, the Californians are catching up. So, we're duking it out for the largest initiative—but in more ways than one—competition is good and I think 75% is pretty impressive in its own right.

Obviously, we have to replace coal with something. That's where a diversified supply mix comes in and we're acquiring nuclear, hydro and natural gas supply across the province.

And over the next few years, we're expecting to add about three to four thousand megawatts of renewable energy to our supply. Some of this is in the works already and some of it is what we are contracting under our Feed-in Tariff program.

We expect that generation contracts under management by the Ontario Power Authority will double in megawatts to 26,000 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.

This morning, I'm going to talk about opportunities for you to earn revenues by generating clean energy through our smaller scale microFIT program—projects that are 10 kilowatts and less. As well as through our Feed-in Tariff program—whether you're an investor, a manufacturer or a project proponent.

I'd also like to talk to you about the many opportunities that exist for you to reduce your costs by participating in our conservation programs.

And there's a lot to say about that. Whether you own a restaurant with 50 seats, or you manufacture electronic parts. We've got programs that are tailored to every size of business.

So, let's start with giving you an update on our Feed-in Tariff program. I can do this very briefly -- it's been a resounding success.

The response is also a very good indication that there's a growing awareness that you can make money from clean energy—solar pv, on and offshore wind, biogas, water and landfill gas.

Since launching Oct. 1, we have received nearly 1,600 applications for our FIT program and another 10,000 applications for microFIT. Together, these applications represent about 10,000 MW of renewable energy. Already we've awarded contracts for almost 4,000 small, medium and large size projects representing \$9-billion in activity and 2,500 megawatts of electricity—enough to power 600,000 homes.

FIT essentially opens the door to those wanting to invest in renewable energy projects in Ontario in a way that is simpler and more certain than before. And therefore attractive to developers.

It offers developers and entrepreneurs guaranteed prices to invest in projects. There are different prices applied to different technologies and different projects sizes.

Our prices are designed to cover capital, operating, maintenance and connection costs and 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.

There are domestic content requirements. Recognizing the important role they play, we provide price top-ups for Aboriginal groups and community groups. We've also got support funding for building capacity.

We've seen a lot of domestic and foreign interest in our FIT program.

I'm also pleased that some Canadian banks and lenders are also jumping on board.

CIBC recently established a whole banking division to oversee investment in renewable energy and clean technology.

And TD has just announced a lending program primarily devoted to roof-top solar panel projects. As I've said, there are still lots of opportunities for you. Whether you want to outfit your restaurant or clothing store or warehouse with a rooftop solar panel. Or install one at home or at the cottage.

As a producer of electricity we think you're naturally going to be more conscious about consuming electricity more wisely which brings me to the topic of conservation.

We're also doing a lot on the conservation front—including installing a smarter grid which operates more effectively and efficiently. And we've already got more than 3 million smart meters installed across the province which will help consumers manage their bills.

Conservation will always be first on our list. After all, the most cost-effective megawatt is the one we don't use—or have to generate in the first place.

We've got bold targets.

It's our goal to reduce 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 ahead of target—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. Higher rates are the natural result of transforming an outdated electricity system badly in need of rejuvenation. Clearly, we can't replace aging infrastructure and equipment without cost increases.

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

You can take advantage of our programs.

I want to fill you in on a major awareness campaign we've recently launched.

Whether you're a residential consumer or a small business, you should know about our Power Pledge initiative. It's a major awareness campaign we've recently launched. I've put cards out for you.

We teamed up with World Wildlife Fund Canada to launch our Power Pledge campaign. It's a province-wide initiative that runs all summer long. Its goal is to demonstrate that a few simple and meaningful conservation actions can help fight climate change and have lasting financial rewards.

One major focus of the Power Pledge campaign is to reduce phantom power—the energy being used by electronic devices when they're not being used but are still drawing power. In fact, those cellphone chargers and laptops that you think are turned off can actually still be adding up to 15% of your household electricity consumption.

I find it really satisfying to watch the Power Pledge website—the “ticker” that adds up the potential impact of all our pledge actions. I checked the website late yesterday and 16,383 Ontarians have made their Pledge.

That represents a cumulative savings of over 50,345,250 KW and about \$5-million of electricity annually. And 11,130,213 kilograms of greenhouse gases. The potential impact of a lot of simple, individual conservation actions really adds up. I encourage you to take the pledge—and if saving electricity, saving money and helping the environment isn’t enough incentive, we’ll also throw in some air miles for you and a participating charity of your choice.

Consumers can participate in the Power Pledge—not only by vowing to reduce their phantom power--but by pledging to get rid of energy-guzzling refrigerators through our Great Refrigerator Roundup. And we are also encouraging consumers to undertake home energy audits.

For Ontario teenagers who are big users of electricity for all of their electronic gadgets, we launched on Earth Day a fun, engaging and viral campaign on Facebook. It’s called Unplug Your Stuff.

On to our other programs. There’s a lot for everyone and I’m just going to give you some of the highlights.

Again, at home or if you are a small business, you can also take advantage of the Peaksaver Program. It offers incentives for you to cut back on your

electricity consumption during peak periods—when the electricity grid may be under strain on hot summer days.

We also offer a Cool Savings Rebate for residential customers. The program offers a rebate for those consumers who purchase and install new central heating or cooling equipment through a participating contractor.

Small commercial-sized operations can also participate in our Power Savings Blitz—a program largely targeted at installing more efficient lighting systems. If your electricity demand is less than 50 kilowatts, your company could be eligible for a series of lighting and other upgrades worth between \$300 and \$1,000. Or you may be eligible for additional retrofit options for electric water heaters.

Every business—whether you’re a small family business, a medium-sized company or a commercial operation—can take advantage of incentives offered under our high performance New Construction Program.

The program applies to new construction projects as well as major renovations and additions. It offers assistance to businesses that incorporate improved efficiency measures and peak demand management into the design, construction and renovation of their buildings.

We’ve got programs specifically targeted at medium and larger businesses too.

Our Electricity Retrofit Incentive Program—or (ERIP)—is a great opportunity for commercial, industrial and institutional customers to

conserve energy. The program provides incentives to invest in more efficient technologies—whether it's lighting, cooling, heating, ventilation or by installing a more efficient motor system.

These programs serve as complements to existing demand response programs which compensate businesses that commit to cut back on their electricity usage during peak periods.

And last but certainly not least—we're about to roll out a \$1-billion Industrial Energy Efficiency program, helping business find major energy savings through process energy improvements. Stay tuned for that.

Obviously, there's much more to say. But you can find out more about our programs by going to our website at: www.powerauthority.on.ca.

I've given you some ideas on how to save some money, and how to make some money. And to be greener at the same time.

I do hope you'll take a look.

We believe everyone has a part to play in conservation.

We believe everyone should have the opportunity to manage their bills more effectively in an era of rising electricity costs.

And we believe everyone can take part in the generation of clean energy.

We're also mindful of another significant initiative on the horizon. One that will also impact the way we all do business.

I'm speaking of the inevitability of some form of carbon pricing, for example, through the implementation of a cap-and-trade regime for emissions of greenhouse gases. There is a lot of discussion about this and a lot of work going into looking at possible emission caps and trade regimes – not just in Ontario, but across North America – so it may just be a matter of time. So, from a business perspective, there's going to be another major incentive for us all to become much more energy efficient.

To build on what Les said earlier today: the Chamber has always been really good in preparing for new realities. Carbon pricing is one that's coming and we'll have to adapt to whatever regime comes into existence—whether it's federal, provincial or regional.

I'll leave you with some thoughts that I am sure you would appreciate as business people.

Think about where our electricity system was five years ago. Aging infrastructure. The threat of rotating brownouts, and even blackouts. Crossing our fingers that our lights and air conditioners would stay on.

The OPA was created to address this situation, to get supply in place, to initiate conservation, and to plan so we wouldn't find ourselves in this dire situation again.

With the help of the electricity sector, the government, business across the province and the Ontario public, we have come a long way.

We now have 13,000 MW of supply under contract, in development or online. And more on the way.

We're confident enough that we can eliminate coal entirely by 2014—and it was once 20 per cent of our supply.

Your electricity system is fundamental to your daily lives and to your business. So, I'm happy to say: it's in good shape.

And that's not something that we were able to say just a short time ago.

Yes, there's more to do. But with ambitious conservation, a push to rejuvenate our grid, and make it smarter and cleaner, I can assure you that the Ontario Power Authority is making great progress on what it was set up to do—ensuring a sustainable and reliable and cost-effective electricity system.