

“GE Projects: Are the Solutions Falling into Place?”

A presentation by

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CHECK AGAINST DELIVERY

Thank you for this invitation.

Colin Andersen sends his regrets. He really wanted to be here but was pulled away on other business.

I'm very happy to be here on his behalf.

I should introduce myself.

There may be one or two of you who are thinking: that guy looks familiar. It might be because I used to be a TV journalist.

When I bump into former colleagues, it's not uncommon for them to say: "I hear you've gone to the dark side"—which is what reporters always say when journalists go into communications work.

I certainly don't think of it that way: I like to think of it as having come to the bright side.

After all, there are so many positive things happening in the electricity sector these days. It's hard not to think of my work—and what we're doing here in Ontario—in an incredibly optimistic way.

There's also real meaning for me in having this opportunity to work at the Ontario Power Authority. I have some formative memories that are tied to electricity.

When I was just a kid—back in the late 60s—my dad took me to see the Hoover dam.

At the time, it was considered an astonishing engineering feat. A symbol of America's ingenuity and technological know-how.

And for many years, the fount of America's prosperity.

I remember standing, overlooking the dam, and wondering what had prompted people to build it.

And thinking that it was too bad that I would never live in an era when anything like that would ever happen again.

Well, I was wrong.

In fact, what's happening in Ontario's electricity industry today isn't all that different from what took place in the southwest California in the mid-1930s.

We're not harnessing a river—but the energy of the sun and wind and emerging technologies. And just like they did in California all those years ago, we're building a new supply of clean energy that will power our economic future.

I'm not exaggerating when I say that the world is watching us very closely.

Colin Andersen recently told Ontario's story in Houston at CERA, North America's biggest oil, gas and electricity conference. And when he was finished, his co-panelist, the chair of California's IESO, said: "Well, we should all move to Ontario."

Not bad when you can get someone from California interested in moving to Ontario in the month of March.

Today, I've been asked to share our story.

I've been asked to provide you with an update on whether the Green Energy Act is, in fact, providing the solutions its architects had envisioned.

How are we doing? The proof, as they say, is in the pudding.

Just a few weeks ago, we announced 184 major new clean energy projects. Those announcements followed another 510 mid-sized contracts that had been awarded a few weeks earlier. Those contracts from those two announcements represent \$9-billion in private sector investment in our economy and 20,000 new jobs.

Impressive for a program that is less than a year old.

In fact, Premier McGuinty believes that our push into renewable energy is helping to lift Ontario out of recession.

This morning I'd like to update you on where we are and where we are going several months into the launch of the Green Energy Act.

I'd like to start by telling you about our conservation efforts.

Then, I'll give you an update on the progress of our Feed-in Tariff program—the cornerstone of the Green Energy Act.

And finally, I'll fill you on what's happening with our transmission system and where we are in the implementation of the smart grid.

But first, I should probably tell you a little more about what we do at the Ontario Power Authority for those of you who may not be that familiar with us.

The OPA was created about five years ago, in the midst of some very significant challenges.

We had spent too many summers with our fingers crossed—hoping we could keep the air conditioners running. We felt powerless—literally and figuratively. Our electricity system was aging and investments in infrastructure had not kept up. On many days, we worried that we didn't have enough electricity to meet demand.

It's our mandate at the Power Authority to ensure that Ontario has a sustainable and reliable electricity supply for the future.

We don't own generation stations or transmit electricity. We plan Ontario's electricity system for the long term—and that entails planning for new sources of supply, and planning for new transmission and upgrades.

A lot of the planning initiatives we've recently undertaken—including building our supply of clean energy—are being driven by the government's decision to reduce and ultimately eliminate coal-fired generation.

Coal will be gone by the end of 2014 and this is one of the largest climate change initiatives in North America.

For those of you who may not know, Ontario has already staked its claim as a world leader in greenhouse gas reductions. In fact, we're well on our way to reducing the carbon footprint of our electricity system by 75 percent.

It's also our job at the Power Authority to coordinate conservation initiatives across the province.

In fact, 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 installed and activated nearly 3 millions meters across the province—and you'll hear more about that in a few minutes.

Combined with our conservation efforts and our Feed-in Tariff and microFIT programs—we're enabling Ontarians to participate more actively than ever before.

They can now be producers as well as consumers of electricity.

And when they're doing both, we do know consumers are also far more likely to use their electricity wisely as a result.

Local distribution companies are also taking on a bigger role and more responsibility in helping Ontario achieve its conservation targets.

In fact, they've now got their own conservation targets. We're working more closely and collaboratively than ever to streamline our conservation programs. We're working with LDCs to make it easier for consumers to find the programs they need—whether they are homeowners, large or small businesses, or industrial customers.

Now, let me turn to our Feed-in Tariff program and its sister initiative –our microFIT program.

Let me share some figures with you. Since we launched the program on Oct. 1, we have received more than 1,600 applications for our FIT program, representing about 10,000 MW of potential renewable energy.

Consumers are wholeheartedly embracing our microFIT program, too. We've received nearly 11,000 applications and offered more than 3,250 conditional offers. Many of them are very small rooftop projects.

The program has attracted attention from both developers and manufacturers here in Canada and from around the world. And I'm happy to say that Canadian banks are jumping on board. They're making money available for both small and large projects.

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 already in the pipeline and some of it we are contracting under our FIT program.

To give you some perspective, that's on a 35,000 MW installed system.

Within a few years we will double the number of megawatts and triple the value to \$44-billion worth of activity we have under contract.

That's a lot of investment and growth in a very short time.

The FIT Program offers developers and entrepreneurs guaranteed incentives to invest in projects—roughly an 11 per cent return on investment and an 11-year payback depending on the type of project. Our prices are designed to cover capital, operating, maintenance and connection costs and a reasonable rate of return. It covers on- and off-shore wind, solar PV, biogas, water and landfill gas.

It's an open-ended program. Projects have the “right-to-connect”—if a project is economic to connect, it will be connected once transmission and distribution is built-out to accommodate it.

Also, it will be easier for developers to build their projects – the upstream approvals process has been streamlined, including environmental approvals.

FIT offers ownership opportunities not just for the private sector, but many other groups, recognizing their important roles. Special funding is available to encourage municipalities, Aboriginal groups, LDCs and community groups to become involved in renewable energy.

So that's an overview of developments related to the Green Energy Act and the FIT Program.

But there would be little point in building our supply of clean energy without investing in our grid.

I'd like to tell you more about what we're doing to upgrade our transmission system—including initiatives underway to build a Smart Grid.

Last October, the government announced a \$2.3-billion injection in the provincial transmission network over the next three years. This is primarily to unlock significant potential for clean electricity all over the province.

Where there is critical mass, we will be building out the transmission system in every new phase of our renewables program.

We're working closely with Hydro One, the Independent Electricity System Operator and local distribution companies on priorities. This is a paradigm shift—never have we all worked so closely on transmission and generation before.

And our Aboriginal partners also play a key role in our electricity planning and transmission systems. In fact, five of the top eight transmission projects highlighted as priorities for development by Hydro One are in the north and involve our First Nation and Métis partners.

We're also seeing real progress in making our grid smarter.

As I said, more than three million smart meters have already been installed and the entire province will be on time-of-use pricing by the middle of next year. That gives consumers more information and the opportunity to better manage their bills.

This so-called smart grid will also help LDCs operate more efficiently and will enable them to accommodate more distributed generation.

Of course, the smart grid is a work in progress – and we'll continue to participate in discussions and developments over the next several years.

So, I think you can see why we have so many reasons to be optimistic. And why I say I've come to the bright side.

We've got ambitious conservation targets. We're eliminating coal. We're rebuilding and expanding our grid and making it smarter and greener. And of course, we've got a big push on building our supply of green energy.

I really do believe that one day, parents will be taking their kids to see wind farms. And they'll be filled with the same sense of wonder that I had when my dad took me to see the Hoover dam.

Thank you for your time this morning.