

ONTARIO ENERGY ASSOCIATION

# **OEA REMARKS TO STANDING COMMITTEE ON GENERAL GOVERNMENT, RE: BILL 135**

**AN ACT TO AMEND SEVERAL STATUTES AND REVOKE  
SEVERAL REGULATIONS IN RELATION TO ENERGY  
CONSERVATION AND LONG-TERM ENERGY PLANNING**

FEBRUARY 24, 2016

CHECK AGAINST DELIVERY

To shape our energy future for a stronger Ontario.



Ontario Energy Association

**[SPEAKER: DAVID MCFADDEN]**

Good afternoon, and thank you for allowing the Ontario Energy Association to present our positions on Bill 135 to you today. I'm David McFadden, Chair of the OEA board, and I'm joined by Bob Huggard, the President and CEO of the OEA, as well as Ian Mondrow, our legal counsel on this file.

I'll start off with a brief introduction about the OEA. As many of you know, the OEA is an advocacy association that represents Ontario's electricity and natural gas industries. We have a diverse membership ranging from electricity and natural gas distributors and transmitters, to renewable, thermal, and nuclear generators, to suppliers and service providers. We represent Ontario's energy leaders that span the full diversity of the energy industry.

Bill 135 is largely about long-term energy planning, which is an extensive process that directly impacts our entire membership, and that's why today we'll just be talking about the energy planning process, not the reporting of energy and water consumption.

Bill 135 is an important step for the province, because until now electricity planning in Ontario has not taken place within the existing legislative framework as set out in the Electricity Act.

I'll outline a few of the reasons we think Bill 135 is important:

First, and perhaps most importantly, it provides clarification on how energy planning will proceed in the future. Predictability is very important for the energy sector, because energy projects are often capital-intensive and require long lead times for development and construction.

Energy infrastructure is vital to our province's economic prosperity and to our own standard of living, and proper planning is essential. By spelling out when and how energy planning will be done, Bill 135 greatly improves the ability of energy companies to do business in Ontario and to provide Ontario's citizens and businesses with reliable and sustainable energy supplies.

Bill 135 also makes some specific positive changes to the role of the Independent Electricity System Operator, the IESO. In particular, Bill 135 adds electricity storage and transmission projects to the IESO's

procurement authorities. The proposed IESO procurement mechanisms will improve the integration of renewable power into Ontario's energy system while encouraging new, competitive entry into Ontario's storage and transmission businesses.

With the merger of the Ontario Power Authority with the IESO, the OEA is confident that the new IESO has the skills to carry out these new mandates, and sees the formalization of these procurement responsibilities as a good thing. If anything, we feel that Bill 135 does not go far enough in strengthening the role of the IESO in the electricity planning process, and so now I'll turn it over to Bob to outline where Bill 135 could benefit from a few important but straightforward amendments.

**[SPEAKER: BOB HUGGARD]**

Thank you, David. I'll move right into our recommendations for improvements.

The OEA has four main principles that would be beneficial to have further reflected in Bill 135, and in the actual long-term energy planning process:

1. consultation;
2. deferral to experts;
3. costing; and
4. transparency.

**CONSULTATION:**

I'll start with consultation, because logically it's the first part of the planning process and also because this is the easiest one. Bill 135 includes consultation requirements, but if you look carefully you'll see that the Minister of Energy is required to consult with groups, and I quote, "that the Minister considers appropriate given the matters being addressed" – in other words, it's discretionary as to who gets to participate in consultations.

Given how important energy planning is for all Ontarians, we'd like to see this language amended so that all interested members of the public can have a say.

This inclusive approach is also in line with the government's 2013 LTEP process, which at the time the OEA publicly stated was, and again I'll quote, "a comprehensive and extensive consultation." So we're just looking to have what was done then included in this legislation, since it worked.

#### **DEFERRAL TO EXPERTS:**

The second principle is deferral to experts, and this is perhaps the most important of our four principles.

Simply put, the role of the IESO in the electricity planning process should be strengthened. The IESO is the agency with the most expertise in the technical parameters of Ontario's electricity system and as David mentioned earlier, the industry has confidence in the new IESO's abilities. A stronger role for the IESO will not only produce a sounder plan, but will also help to depoliticize implementation of the government's planning objectives and

principles, that both government and opposition have repeatedly endorsed.

There are a few different ways that we've proposed to strengthen the IESO's role in the planning process:

First, the technical assessment that the IESO provides shouldn't just be about providing a supply and demand outlook. It should also include recommendations for the plan itself, for the Minister's consideration. As part of the technical assessment report, the IESO should also include the costs and benefits of its recommendations.

Government should then issue a draft plan, and the IESO should be required to analyze the projected costs and benefits associated with the plan, and provide a costing report to the government.

Once the plan is finalized, the actual implementation should be left to the experts at the IESO and the Ontario Energy Board. These agencies are of course required to conduct their activities in a way that facilitates plan implementation – but the actual details of how the agencies will implement the plan does not need to be subject to approval by the Minister.

We have confidence in the ability of Ontario's expert agencies, and we hope that you do as well.

**COSTING:**

Our third principle, which I alluded to a moment ago, is costing. We're talking about decades-long, multi-billion dollar commitments here, so I think it's obvious that before being finalized any plan must undergo a thorough and independent assessment of the costs and benefits.

Costing documents were publicly posted during the 2013 LTEP process, so again we're just looking to have what was done then, included in this legislation – but are recommending that they be posted prior to the LTEP being finalized, in order to support informed public input on the plan, and full information to support government decision making.

## TRANSPARENCY:

Lastly, transparency.

I'll again note that the decisions made in the long-term energy plan affect virtually every Ontarian, and will continue to do so for decades to come.

So there needs to be a way to have a public review of the plan, the cost-benefit analysis, the technical report, and any other background information the government uses – before the plan is finalized.

There are multiple options for public review, and regardless of which mechanism is chosen, a full and open public review is a cornerstone of public acceptability and legitimacy for planning decisions.

All of these documents were publicly posted for review and comment during the 2013 LTEP process, so again, we're just looking to have what was done then, put in place here.

If any of you participated in the 2013 LTEP, then much of this will sound familiar. And that's because the government did an unprecedented job in developing the plan, consulting with our

industry and the public, and working closely with the IESO to get the facts right. And I'd like to take a moment on behalf of the OEA to kindly thank Minister Bob Chiarelli and his team for running such an exemplary process. It worked well and produced a balanced plan.

It's important to note that the 2013 LTEP was still an ad hoc process, and while Bill 135 attempts to codify the planning process, it doesn't fully capture what worked so well in 2013. We want to see a planning process that is inclusive, defers to the experts, costed, and transparent, and which will therefore stand the test of time.

As the OEA publicly stated during the 2013 LTEP: "successful energy policy is created when government and industry work together." So I hope that's just what we can do here today.

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Ontario Energy Association

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