

June 15, 2016

Hon. Glenn Thibeault
Minister of Energy - MINISTER'S OFFICE
Hearst Block - 4th Flr
900 Bay Street
Toronto ON M7A2E1

Dear Minister Thibeault:

Re: OEA Comments on the Development of the 2016 Long-Term Energy Plan

On behalf of the Ontario Energy Association's (OEA) Board of Directors and members, we appreciate the opportunity to provide the following comments in response to the former Minister of Energy, the Hon. Bob Chiarelli's request for input into the 2016 Long-Term Energy Plan (LTEP) development process.

Our recommendations are illustrative of the industry's thinking about the LTEP development process and provide a strong foundation upon which coherent policy can be built for our industry in Ontario. As Ontario's energy voice, the OEA represents Ontario's energy leaders and corporate members that span the full diversity of the energy industry. Such diversity allows us to offer a broad and comprehensive perspective on the development of the LTEP.

The OEA has **four principals** that would be beneficial to have reflected in the LTEP process:

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

CONSULTATION

Consultation is the first part of the planning process and is a practice that the Ministry of Energy has been effective at. The Ministry was active during the 2013 LTEP process, a process that the OEA publicly stated as "a comprehensive and extensive consultation". The OEA would recommend the Ministry meet with as many impacted stakeholders during the 2016 LTEP process.

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 Independent Electricity System Operator (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 the OEA has stated on numerous occasions, 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 to strengthen the IESO's role in the planning process:

First, the technical assessment and report 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 government's consideration. As part of the technical 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 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 details of how the agencies will implement the plan does not need to be subject to approval by the government.

COSTING

Our third principle is costing. Stakeholders are making decades-long, multi-billion dollar commitments to Ontario, so it is clear 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, however we 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

Our fourth principal is transparency. It is imperative to note that the decisions made in the long-term energy plan affect every Ontarian, and will continue to do so for decades to come.

The 2016 LTEP process, therefore, needs to ensure an open opportunity for 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; the OEA recommends a similar process be adopted again with the 2016 LTEP.

RECOMMENDATIONS

In order to incorporate these principals, the OEA would like to provide the following recommendations for consideration. We believe these recommendations, building upon our principals, will ensure an effective LTEP that will be an important cornerstone for industry and its customers.

1. The role of the IESO in the electricity planning process should be strengthened.

The IESO is the agency with the expertise in the operational and economic parameters of Ontario's electricity system. A stronger role for the IESO in electricity planning will not only produce a sounder plan, it will also help to depoliticize the plan, an objective which the government has repeatedly endorsed.

The technical assessment from the IESO should be expanded to include:

- Recommendations for action during the planning period.
- Costing of those recommendations, detailing both anticipated costs and benefits associated with the recommendations.

2. The requirements for public consultation during development of the LTEP should be strengthened.

A comprehensive consultation should be supported by ensuring that all impacted stakeholders have the opportunity and forums to provide input to the LTEP.

3. Given the importance of energy to Ontario's economy and Ontarian's well-being and quality of life, a mechanism should be incorporated for public review of the LTEP.

While there are multiple options for public review, a full and open public review is a cornerstone of public acceptability and legitimacy of planning decisions.

4. Provision should be made for costing the LTEP itself, to ensure economic discipline on the formulation, review and implementation of the plan.

The government should obtain from the IESO a report on the projected costs and benefits associated with the draft LTEP and these costs and benefits should be available for public review.

5. The LTEP implementation process should be left to the government's expert agencies; the IESO and the OEB.

While the government has the mandate to define the goals and objectives of the planning and development of Ontario's electricity system, implementation should be left to the agencies. Directive authorities should be limited in utilization so that they do not extend beyond the appropriate planning role for government.

The OEA, its Board and its members look forward to working with you and your staff on the development of a comprehensive LTEP that meets the needs of Ontario consumers. We believe that a process that incorporates our principals and recommendations will maximize the effectiveness and acceptance of the 2016 LTEP. The OEA greatly appreciates the opportunity to provide comments on this important file. We trust that our recommendations can help inform an effective LTEP that will drive the prosperity and economic health of the province while contributing to the environmental goals of the province. We look forward to continuing the dialogue with you and your team on how our recommendations could address some of the challenges and opportunities in the development of the 2016 LTEP. If you have any questions regarding these recommendations, please feel free to contact me at your convenience.

All the best,



Bob Huggard
President & CEO
Ontario Energy Association