

Ontario Energy Association: OPA Stakeholder Consultations, Summary

1. A brief introduction to the Ontario Energy Association

With more than 160 members representing the full diversity of industry participants – natural gas, electricity, manufacturing, contracting, and service suppliers – the Ontario Energy Association (OEA) is the voice of Ontario's broader energy community.

2. OEA views on the development of renewable energy, transmission expansion, the price of electricity and the role of conservation

- The OEA has long supported a diversified electricity supply mix for Ontario, with key roles for renewables and conservation, together with nuclear, baseload hydro, and high-efficiency intermediate and peaking gas-fired generation. Natural gas is particularly important in helping the province meet its goals of closing the coal plants by 2014 and meeting the ambitious Supply-Mix directive on renewable energy. For the diversified supply mix to work, there needs to be an infrastructure in place.
- Our members value the goal of streamlining the Renewable Energy Approval (REA) process and, more broadly, the modernization the Ministry of Environment's approval processes. We note, however, that municipalities still have the power to delay or perhaps even scuttle energy development, as evidenced by Oakville and York Region.
- We have some concerns around the potential costs and risks associated with the new renewables capacity and the infrastructure needed to support it, and about who will bear those costs. There is no integrated and holistic approach to pricing. The impact of potentially higher rates on the investment climate in Ontario must be considered. Uncertainty about the allocation and recovery of costs – via the Global Adjustment (GA) – may also create investment uncertainty.
- The OEA supports the government's conservation goals as a means of enabling both consumers and the overall system to control costs. We also understand that price signals are central to conservation and that energy prices will need to rise as Ontario moves off coal, acquires new renewable capacity, and invests in new and enhanced transmission and distribution infrastructure. But (related to the above point) we are concerned about the number and magnitude of price increases that energy consumers will be facing over the next months, including the HST; RPP and TOU (recently announced); OPG, Hydro One and LDC increases; and the MEI conservation charge, as well as the rising GA.

- Further, as well as price signals, consumers need the tools to control costs and consumption. We therefore support the idea of promoting, supporting and facilitating investments in the smart grid. Government needs to ensure that the smart grid and smart meters will benefit consumers and that they have access to the appropriate smart meter data, and that the investment made in these systems can be recouped by ratepayers and LDCs. The investments required to put in place a smart grid system will be even greater than for smart meters, with consequent financing requirements for LDCs and costs for their customers.
- Successful conservation will also require further consumer education about energy pricing and policy in general and about controlling costs and consumption in particular.
- Related to conservation, we note that Ontario has achieved the near-term goal of 1,350 MW or peak demand reduction by 2007 and appears on track to meet a further reduction by 2010. Is it clear to what extent these reductions are the result of the OPA's conservation programs and to what extent they are the result of reduced economic activity in Ontario?
- Finally, we are concerned that contracts made outside the normal processes and procedures, such as the Samsung deal, may be a disincentive to potential investors. Transparency, consistency and visible stakeholder consultations are essential to a positive investment climate in Ontario.

3. Key considerations for the OPA in planning Ontario's electricity system

OEA members and the energy sector as a whole are eager to work with Ontario in achieving its goals, but the more clarity, transparency and certainty we have, the better. Completion of the Integrated Power System Plan, holistic and integrated approaches to pricing, and minimizing the use of ministerial directives would go a long way towards creating such clarity.

The OEA, its Board and staff are also ready to work with the OPA in helping it fulfill its mandate.