

2023 APPRO-OEA Ontario Energy Conference **“Taking Action: Driving Ontario’s Energy Transition”**

When energy policy is in the headlines at Queen’s Park, it is rarely a good thing for the party in government. As players in the electricity sector gathered for the second annual Ontario Energy Conference, they could take comfort in the fact that these are relatively quiet times.

But speakers warned that it is not likely to last, not given the massive changes ahead as we transition to a low carbon economy.

The theme of the conference was *“Taking Action: Driving Ontario’s Energy Transition”*, with a “focus on practical realities needed to drive a decisive and orderly transition.”

Opening speaker Jason Lockhart, Vice President of Innovative Research Group, set the stage with polling numbers that outlined the realities. The number one issue of concern to voters is the cost of living, followed by health care and the environment. Electrical policy is far down on the list. By comparison it was number one in 2017, largely due to high power bills. Despite major efforts to reduce costs to ratepayers, the government of Premier Kathleen Wynne was decisively defeated the following year.

“The environment in which you operate won’t continue to be this favourable,” Lockhart told an audience packed with players in the energy industry. “The issue has largely flown under the radar since 2018 but it’s going to move up as get into rate applications.”

His polling found that people generally feel good about the transition to net zero and support the concept, but only if costs are kept down. Given the massive expenditures that will be needed, his recommendation to the electricity sector is to proactively start to explain the rationale to the public.

“It’s important for you to bring your customers along on this journey. If you don’t get ahead of this and frame it for your customers, it’s going to be framed by someone else,” he said.

“We really should be talking about the energy transition now when you’ve built up social capital. You’re going to need that social permission to build support for rate increases to come.”

Lockhart’s analysis was echoed by the panel of political insiders that followed him.

Kory Teneycke, CEO of Rubicon Strategy, who played central roles in the winning Doug Ford campaigns of 2018 and 2022, warned that energy remains a challenging issue.

“We’ve seen what happens when electricity prices are up. In the 2018 campaign, we didn’t have a single event without a power question. It became rare last year (in the 2022 election campaign),” he said.

“I could very easily see this once again becoming a defining issue, both in Ontario and elsewhere. There’s a lot of work to do. And it’s going to cost a lot of money. And there’s some uncertainty as to the programs that might be available to the provinces if there’s a change in the federal govt. A Pierre Poilievre government might be quite different,” added Teneycke.

Kim Wright of Wright Strategies, an NDP insider, gave some advice on how to frame the conversations with both the public and decision makers, starting with the understanding that most people do not have a great grasp of the nuances of energy policy.

“You need to be the trusted advisor,” said Wright, adding that conversations about the large costs of the energy transition need to be put into proper context.

“You’re not just talking about electricity; you’re talking about how to build communities. That’s where you get to tell a better story. Tell them here are the things we want to build for the betterment of our community. That’s a better conversation.”

The importance of community consultation was vividly articulated in a story told by Pat Chilton, the CEO of Five Nations Energy. He was part of a panel discussing issues surrounding the construction of needed new transmission infrastructure. When Chilton’s organization was proposing to build lines to bring reliable power to First Nations along the James Bay coast more than 20 years ago, it was essential to win local support. He recalled a public meeting in Kashechewan in which hunters expressed strong opposition, fearing the lines could disrupt traditional food gathering. At one point, an older woman stood up and, speaking in Cree, told the men to get out of the room. For two hours, the female elders talked amongst themselves.

“Then they called the men back in and told them ‘We’re building that line,’” said Chilton.

In 2001, the 270 kilometre line went into service, bringing electricity to more than 7,000 people who previously had to rely on diesel generators. Five Nations Energy remains the only Indigenous-owned power company in Canada.

Chilton said there is a clear message for utilities.

“If you want to build transmission lines, you have to look at partnerships with Indigenous communities. Otherwise, things will drag on.”

Over the course of the day, several speakers outlined the challenge: to win broad support for the transition, while also acting decisively. A panel of top executives had consensus agreement that Ontario is generally on the right path, but they also agreed that we are not moving quickly enough.

“We need a significant culture shift,” said Indrani Butany, President and CEO of Elexicon.

“Everyone has to believe that the only way we get there is to work together. We are doing better. 5 years ago, it was more combative. Now we’re talking about everything, everywhere all at once and together.”

The President and CEO of the IESO, Lesley Gallinger, likened the transition to a Rubik’s cube, a multi-dimensional puzzle that requires a collective, cooperative effort among all players in the sector in order to carry out a well-planned, orderly transition.

“We simply can’t afford to lose time by working at cross purposes,” she said.

Gallinger noted that the IESO has some concerns about Ottawa’s Clean Electricity Regulations, saying the proposed time frame for shutting down natural gas generators does not allow enough time to do an orderly transition to zero carbon sources. But Gallinger said her organization remains ready to work with the federal government.

“We understand the impetus towards a decarbonized grid. Ontario is already in a good position. To get there we must be measured and disciplined,” added Gallinger, invoking the phrase “keep calm and carry on”.

The co-host of the conference, Ontario Energy Association President and CEO Vince Brescia said after a busy day of sessions that there was a consensus that the “taking action” theme was on point.

“There is general agreement that we need to start taking action now to get ahead of what is coming,” said Brescia.

“Infrastructure has long lead times, and that we do not want to get behind.”

He cited Paul Micallef, a panellist from England, who pointed out that in the Netherlands, they failed to get ready for solar adoption by citizens, and there is now a nine year wait to get a connection for a solar panel. Brescia observed that there also seemed to be a consensus that there are several key actions that can be taken that are in the no regret or low risk category, such as energy efficiency.

The other co-host, APPrO President and CEO David Butters, agreed that there was a strong emphasis on the importance of decisive action.

“I think it was Duncan Rotherham (partner at Deloitte) who said, ‘no more working groups.’ The task in front of us is massive and it’s time to get going,” said Butters. “Not everything will necessarily come to fruition, but we can invest in safe bets like nuclear and modernized distribution systems.”

“I also thought the recommendations for collaboration were important, with consultations being both from the bottom up and the top down,” Butters added.

He also appreciated that Energy Minister Todd Smith made a point of complimenting APPrO's "Ontario's Clean Energy Advantage" campaign in his evening keynote address. The campaign highlights how Ontario's electrical system is already one of the cleanest in North America, putting it in a strong position for the transition to come.

One other highlight from the evening came when David Butters himself was recognized. He was named the winner of the Hedley Palmer Award. The Hedley Palmer award was created in 1989 to honour an individual who, in the judgment of the APPrO Board, has made an outstanding contribution to the power generation industry in Ontario. Since then it has been awarded 32 times to deserving individuals.

Mr Butters has been president & CEO of APPrO since 2004, but has recently announced his intention to step down in 2024. This award was given in recognition of his years of service and numerous accomplishments during his tenure.