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Premier's instructions to the Minister on priorities for the year 2014



September 25, 2014

The Honourable Bob Chiarelli
Minister of Energy
Ministry of Energy
900 Bay Street
Fourth Floor, Hearst Block
Toronto, Ontario
M7A 2E1

Dear Minister Chiarelli:

I am honoured to welcome you back to your role as Minister of Energy. We have a strong Cabinet in place, and I am confident that together we will build Ontario up, create new opportunities and champion a secure future for people across our province. The people of Ontario have entrusted their government to be a force for good, and we will reward that trust by working every day in the best interests of every person in this province.

As we implement a balanced and comprehensive plan for Ontario, we will lead from the activist centre. We will place emphasis on partnerships with businesses, communities and people to help foster continued economic growth and make a positive impact on the lives of every Ontarian. This collaborative approach will shape all the work we do. It will ensure we engage people on the issues that matter the most to them, and that we implement meaningful solutions to our shared challenges.

Our government's most recent Speech from the Throne outlined a number of key priorities that will guide your work as minister. Growing the economy and helping to create good jobs are fundamental to building more opportunity and security, now and in the future. That critical priority is supported by strategic investments in the talent and skills of our people, from childhood to retirement. It is supported through the building of modern infrastructure, transit and a seamless transportation network. It is supported by a dynamic business climate that thrives on innovation, creativity and partnerships to foster greater prosperity. And it is reflected across all of our government, in every area, and will extensively inform our programs and policies.

As we move forward with our plan to grow the economy and create jobs, we will do so through the lens of fiscal prudence. Our 2014 Budget reinforces our commitment to balancing the budget by 2017-18; it is essential that every area adheres to the program-spending objectives established in it. We will choose to invest wisely in initiatives that strengthen Ontario's competitive advantage, create jobs and provide vital public services to our families. The President of the Treasury Board, collaborating with the Minister of Finance, will work closely with you and your fellow Cabinet members to ensure that our government meets its fiscal targets. The President of the Treasury Board will also lead the government's efforts on accountability, openness and modernization as we implement new accountability measures across government.

As Minister of Energy, you will lead efforts to deliver on what continues to be our government's top energy priority — providing Ontarians with a clean, reliable and affordable supply of electricity.

This includes bringing on new, clean generation and ensuring investment in the transmission system to maintain grid reliability and serve new demand. It remains vitally important to manage the electricity supply mix prudently. Through integrated regional planning, you will identify solutions to meet regional needs, based on consultations that consider unique local requirements, circumstances and community priorities.

Your ministry's specific priorities include:

Implementing the Long-Term Energy Plan

- Continuing to implement the 2013 Long-Term Energy Plan (LTEP) which lays out our government's long-term vision for Ontario's energy system. Some of the key components of the LTEP are outlined below.

Pursuing Energy Conservation

- Ensuring that energy conservation continues to be one of our key goals as we implement the LTEP. This means helping ease the burden of rising energy costs on Ontario's ratepayers by pursuing conservation — wherever cost-effective — to meet energy needs when and where we need it.
- Implementing a Conservation First approach to energy planning, approval and procurement processes. You will do so by continuing to work with your ministry's agencies and with other ministers, including the President of the Treasury Board, the Minister of Economic Development, Employment and Infrastructure, and the Minister of Municipal Affairs and Housing.
- Ensuring that the Ontario Power Authority (OPA) and the Independent Electricity System Operator (IESO) prioritize the implementation of Ontario's Conservation First approach to invest in conservation first, before new generation, where cost-effective.
- Working with the Ontario Energy Board to incorporate the Conservation First policy into local distributor planning processes for electricity and natural gas utilities — and the natural gas demand-side management framework under development.

Mitigating Electricity Prices for Residential Customers

- Continuing to help Ontarians by addressing the challenges they face from increasing electricity costs. You will continue to look for savings and efficiencies that will help keep electricity costs affordable for

residential consumers.

- Developing and implementing a new residential electricity assistance program to help make electricity more affordable, particularly for low-income families, who spend a proportionately higher percentage of their income on energy and electricity.
- Working with the Ministry of Finance to deliver on our commitment to remove the Debt Retirement Charge from residential electricity bills after December 31, 2015. Residential ratepayers will benefit significantly from this change, and it is important that you ensure its effective implementation.

Mitigating Electricity Prices for Businesses

- Continuing to implement initiatives that support Ontario's businesses by helping them address rising energy costs. I ask that you lead our efforts to meet our commitment in the LTEP to ensure that — where possible and appropriate — industrial electricity rate mitigation programs help support a dynamic and innovative climate for business to thrive, grow and create jobs.
- Helping to reduce energy costs for small business owners by implementing a five-point business energy savings plan, including on-bill financing and the expansion of saveONenergy for Business programs.
- Working with the Ontario Power Authority to implement a new stream of the Industrial Electricity Incentive program. This will provide electricity cost relief to companies that are able to establish or expand operations in Ontario.
- Proceeding with expansion of the Industrial Conservation Initiative. This will allow more businesses to benefit from lower electricity rates by shifting energy use away from peak periods — which, in turn, will benefit all electricity consumers by decreasing the need for costly peak generation.

Championing Renewable Energy

- Continuing to lead our government's commitment to renewable energy, with the aim of having 20,000 megawatts of renewable energy online by 2025. You will continue to monitor progress toward targets for wind, solar, bioenergy and hydroelectricity as part of Ontario energy reporting.
- Continuing to work with the ministry's agencies to implement a new competitive procurement process for renewable energy projects larger than 500 kilowatts that will take into account local needs and considerations.
- Continuing to respect the contracts that have been signed with energy producers, while always ensuring that these contracts enable the delivery of sustainable, affordable energy to Ontario's ratepayers.
- Working with the ministry's agencies and with municipal partners to ensure that municipalities participate meaningfully and effectively in the decision-making process for the placement of renewable energy projects, including wind and natural gas.
- Ensuring that timelines for meeting the LTEP's energy storage procurement targets are met and that they address the regulatory barriers that limit the ability of energy storage technologies to compete in Ontario's electricity market. As well, you will explore opportunities to build on the pilot projects through additional procurement.

Refurbishing Nuclear Power Plants

- Working with Ontario Power Generation and Bruce Power to ensure that the crucial refurbishment of 10 nuclear units at the Darlington and Bruce generating stations over the next 16 years is completed efficiently and effectively.

Implementing and Doing Research and Development for a Smart Grid

- Working with the Minister of Research and Innovation and with the Minister of Economic Development, Employment and Infrastructure to continue with implementation of smart meters, smart grid technologies

and advancements in customer service and choice.

Driving Efficiencies and Maximizing Return on Investment from Electricity Sector Agencies

- Working with the Minister of Finance and the President of the Treasury Board to consider recommendations from the Advisory Council on Government Assets on how to maximize the potential of Hydro One and Ontario Power Generation. Your goal is to ensure that Ontarians receive the value they deserve from these government enterprises.
- Working with the OPA and the IESO to implement legislation merging the two agencies into a single entity. Your goal is a smooth transition that achieves savings and efficiencies for energy ratepayers.
- Continuing to work with local distribution companies to ensure that they operate as efficiently as possible and produce savings that will benefit Ontario's ratepayers. They will do so through options such as voluntary consolidations and innovative partnerships.

Supporting Community-Level Energy Planning

- Encouraging municipalities and Aboriginal communities to develop their own community-level energy plans — and identify conservation opportunities and infrastructure priorities — as part of our commitment in the LTEP. You will support these efforts through the Municipal Energy Plan Program and the Aboriginal Community Energy Plans Program.

Consulting with Aboriginal Communities

- Working with other ministries and agencies to ensure that First Nation and Métis communities are consulted on any energy activity that could adversely affect their Aboriginal or treaty rights. Our government has recognized that Aboriginal participation in the energy sector is one of the keys to the economic development of First Nation and Métis communities.
- Continuing to support and encourage participation by First Nation and Métis communities in new generation and transmission projects — and in conservation initiatives. You will do so through programs such as the Aboriginal Energy Partnerships Program.
- Connecting remote communities is a priority for Ontario. Success in connecting remote communities will depend on contributions from all of the parties that will benefit from it, which includes the federal government. The province looks forward to a fair cost-sharing agreement with its federal counterparts to make sure this project becomes a reality for First Nation communities.
- You will also work with the Minister of Aboriginal Affairs, the federal government, and other agencies and ministries as needed to ensure communities are positioned to benefit from grid connection or a reduction in their dependence on diesel. This will support stronger, healthier northern remote communities by reducing barriers to growth, increasing economic development opportunities, ensuring access to clean energy, and improving social and living conditions for residents. For those communities where connection to the provincial grid is not viable, you will promote local options, such as renewable energy generation, to help reduce reliance on diesel fuel.

Exporting Ontario's Energy Expertise

- Working with the Minister of Citizenship, Immigration and International Trade and with the Minister of Economic Development, Employment and Infrastructure to develop and support ways to promote Ontario's energy expertise abroad. This will include nuclear refurbishments, the elimination of dirty coal generation, smart grid implementation and technical expertise in transmission and distribution.

Helping Develop a Canadian Energy Strategy

- Collaborating, including across borders, on the development of a strategy to ensure a clean, reliable and sustainable energy supply. You will work with other ministers, including the Minister of the Environment and Climate Change, of Intergovernmental Affairs, and of Economic Development, Employment and Infrastructure on the development of a Canadian Energy Strategy with other provinces and territories. The strategy should balance national interests with the unique profiles, priorities and needs of individual provinces and territories.
- Ensuring that the strategy includes co-ordinated efforts to improve energy efficiency and conservation, reduce greenhouse gas emissions, foster innovation in the energy sector and facilitate the safe transportation and transmission of energy. You will work with the Minister of the Environment and Climate Change to encourage federal partnership in addressing the climate change challenge — which is both local and global in scale.
- Ensuring that the strategy facilitates electricity imports and exports between Ontario and its neighbouring provinces by identifying barriers, solutions and opportunities for the development of interconnected transmission infrastructure.

Helping Ontarians Share in Affordable Supplies of Natural Gas

- Supporting programs led by the Minister of Economic Development, Employment and Infrastructure to help ensure that Ontario residents and industries are able to share in affordable supplies of natural gas. These programs, outlined below, will give consumers in underserved communities more energy choices, make commercial transportation more affordable, attract new industry to Ontario and benefit our agricultural producers.
- Helping the Minister of Economic Development, Employment and Infrastructure establish and implement a new Natural Gas Access Loan. Our government will provide up to \$200 million over two years through this program to help communities partner with utilities to extend access to natural gas supplies.
- Helping the Minister of Economic Development, Employment and Infrastructure establish and implement a \$30 million Natural Gas Economic Development Grant to accelerate projects with clear economic development potential.

Protecting Ontario's Interests in Pipeline Development


- Continuing to intervene in regulatory hearings about major pipeline proposals that directly affect Ontario. You will ensure that these interventions are consistent with Ontario's six pipeline principles, as outlined in the LTEP.

We have an ambitious agenda for the next four years. I know that, by working together in partnership, we can be successful. The above list of priority initiatives is not meant to be exhaustive, as there are many other responsibilities that you and your ministry will need to carry out. To that end, this mandate letter is to be used by your ministry to develop more detailed plans for implementation of the initiatives above, in addition to other initiatives not highlighted in this letter.

I ask that you continue to build on the strong relationships we have with the Ontario Public Service, the broader public sector, other levels of government, and the private, non-profit and voluntary sectors. We want to be the most open and transparent government in the country. We want to be a government that works for the people of this province — and with them. It is of the utmost importance that we lead responsibly, act with integrity, manage spending wisely and are accountable for every action we take.

I look forward to working together with you in building opportunity today, and securing the future for all Ontarians.

Sincerely,



Kathleen Wynne
Premier

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