

APPrO 2021: The Electric Future
33rd Annual Canadian Power Conference

Speaking remarks for OEB CEO Susanna Zagar
November 29, 2021

Hello, and thank you for inviting me to speak at your 2021 conference.

There's nowhere I'd rather be today than here with you and the impressive line up of speakers, thought leaders and decision makers who have come together to advance Ontario's electric future.

My name is Susanna Zagar. I'm the CEO of the Ontario Energy Board and I work for you.

Collectively we all support the people of Ontario, who deserve safe, reliable and affordable energy.

When I joined the Energy Board last year, many asked me why I would shift my career and move into a sector in which I had no background.

The short answer for that is easy: Energy is at the heart of everything. Energy is our future.

I simply cannot think of a more compelling sector or a more critical time to be in it.

Case in point: The theme of this conference – The Electric Future – effectively captures the essence of conversations that are being held all around the world.

They're being held by businesses leaders, industry and regulators. They were front and centre at the COP26 Climate Change Conference. They can be heard at family dinner tables from Rainy River to Cornwall. And the topic is unignorable every single morning on the front pages of our daily newspapers.

Every organization and individual attending this conference is grappling with the need for an energy transition. And it's on the minds of Canadians from coast to coast.

As energy sector leaders, we know it is our collective obligation to make some difficult choices. But we must leverage Ontario's competitive advantage – our clean and diverse energy supply – to unleash the potential that is necessary for job creation and prosperity so that this province can emerge stronger in a post-pandemic economy.

Section 2: The Regulator and the Energy Transition

Earlier this month, the OEB received its Mandate Letter from Ontario's Energy Minister, the Honourable Todd Smith, who will address this conference later today.

The Mandate letter outlined, among other things, the opportunity the OEB has to support the energy transition. That includes:

- Developing policies, rules and codes to support the adoption of non-wire and non-pipeline alternatives
- Facilitating the efficient integration of electric vehicles into the provincial electricity system
- And continuing to prioritize innovation and the adoption of new technologies to deliver value for Ontario's energy consumers

Those are big asks, and I am confident we are up to the task.

Even more recently, we received another letter from the Energy Ministry. This one recognizes the work the OEB has done with utilities in offering customers choice in selecting the electricity pricing plan that best suits their needs.

We've now been asked to build on that work, by creating an ultra-low overnight pricing plan that would incent demand to shift away from peak periods. This new pricing plan would anticipate increased electrification and support decarbonization of the economy by shifting loads to lower-demand, overnight periods.

Our report is due to the Energy Ministry by April 1, and we're pleased to be taking another step forward in futureproofing our grid.

Section 3: Innovation and Modernization at the OEB

To emphasize the need to rethink our electricity usage, I'll share some facts with you: According to the Electric Power Research Institute, based in California, electricity accounts for more than 20% of the power that is currently used in North America. But by 2050, as we achieve our net zero goal, that's expected to be closer to 50%.

In Ontario, that means major investments must be made in our grid to ensure we have access to affordable, reliable and sustainable power, now and in the future.

As our dependence on electricity grows, we must ensure the grid remains secure, reliable and resilient.

In that context, the OEB must be more than a prudent regulator.

We must be trusted and recognized for enabling Ontario's growing economy and improving the quality of life for those who live and work here.

We must also deliver public value through regulation and independent adjudicative decision making, which contributes to Ontario's economic, social and environmental advancements.

But that's not enough. We must do more. The OEB must innovate and modernize to anticipate the demands of the sector and the people of Ontario and to answer the big questions posed by the energy transition.

Last fall, legislation came into force to update the governance structure of the Ontario Energy Board and to enhance public trust, promote accountability and deliver value for money for the people of Ontario.

Over the past year, we've been delivering on these priorities: We have a new, legislated objective to facilitate innovation in the energy sector.

As this audience can appreciate, regulators are not traditionally known for being innovative. Economic regulation is at the core of what we do, as set out in the legislation that gives us authority. But we're working hard to change that, to become more forward looking, effective and efficient.

Section 4: Regional Planning Advisory Group, Energy [X] Change, Transportation Electrification Council

Just as APPrO and its members have to innovate in order to survive and thrive, so does Ontario's energy regulator. Like you – we're wrestling with questions around energy transition, climate change, risks to the grid. And the only way that we can address those questions is in co-operation with those we regulate and on behalf of those we serve.

In that regard, I'd like to thank APPrO for participating as members of the OEB's Regional Planning Advisory Group. The work of this group is intended to address investments in non-wire alternatives, such as Distributed Energy Resources, in the planning process. The Group's report is circulating now and will be finalized in the new year.

But before we leave 2021, let me tell you that we launched two new stakeholder committees this year, one of which deals squarely with the energy transition. It's called the Energy [X] Change, and it's an advisory group of senior executives convened to leverage advice, input and feedback on corporate priorities, regulatory policy and emerging trends.

We know that APPrO members – and the sector at large – care deeply about broad, strategic issues related to electrification, carbon reduction and the future of the energy sector.

Energy [X] Change is one forum where we can tackle these topics and start to answer challenging questions.

The OEB is also an active member of the Transportation Electrification Council.

It's a Provincial initiative, and we're proud to be at the table ... participating with others to identify challenges and provide workable solutions.

Section 5: Innovation Task Force, Sandbox 2.0, Framework for Energy Innovation

In another "first," we've established an Innovation Task Force, comprised of OEB board members, to examine disruptive technology in Ontario's energy sector and other jurisdictions. It will report back to us and recommend options for responding to those technologies to meet the needs of the sector while delivering public value.

Innovation is also key as we overhaul the OEB Sandbox. Sandbox 2.0 must be a place where utilities and other organizations pursuing energy-related innovation, including APPrO members, can test new ideas, products, services and business models.

Our Sandbox provides access to high-value, customized regulatory guidance and can offer temporary relief from regulatory requirements. Our goal is to facilitate innovation and drive adoption of emerging technologies for the benefit of consumers as the energy transition accelerates.

The Framework for Energy Innovation is another critical deliverable we're moving ahead on. The project's working group is made up of 20 experts representing utilities, conservation groups, D.E.R. providers and consumer groups. Together, they're creating a plan for D.E.R. usage and integration workstreams, and we're eager to see this work advance.

Section 6: DER Connections Review, Enbridge's Integrated Resource Planning Framework

The working group for our D.E.R. Connections review is also yielding encouraging outcomes. One of their most interesting projects deals with evolving our electricity grid.

Those of you attending the D.E.R. conference tomorrow afternoon will hear more about that from my colleague Harneet Panesar, OEB's Chief Operating Officer.

The bottom line is, with the data gathered from this project, we're aiming to establish a risk matrix that can help us ensure that our rules affecting D.E.R. proponents are modern, transparent and relevant, and that fit-for-purpose compliance standards can reduce regulatory burden.

Finally, I want to illustrate – in a very concrete way – how we're facilitating innovation related to energy transition and climate change.

This past July, the OEB, for the first time, established a framework that requires Enbridge Gas to take a more wholistic view of its natural gas distribution system by looking at alternatives to pipeline infrastructure.

Enbridge is now working within a new Integrated Resource Planning framework to consider both traditional solutions and alternative supply and demand-side solutions to meet system needs.

They'll be using a cost-benefit analysis that factors in carbon pricing when determining if new pipelines are necessary or not. And expert stakeholders will provide input as Enbridge implements the new framework

Section 7: Partnership as the Path Forward

All that is to say: The OEB does not work in isolation. Our modernization agenda reflects stakeholder needs and includes innovative work to enable the energy transition.

We know we don't have all the answers. In fact, we know we need to be asking some of the questions. Doing both – asking questions and providing answers – will allow us to engage in meaningful conversations.

I believe that regulatory policy must keep pace with public policy. That certainly holds true for the big-ticket items that are on everyone's mind these days.

The energy transition is real. Public policy has moved from questioning "why" there is a need for energy transition, to "how" we are going to make it happen. Energy regulators may not have driven the "why" but we must envision and inform the "how." We will work together with those we regulate in the interest of those we serve: the people and businesses of Ontario.

Let me reiterate what I said earlier: As energy sector leaders, we have a collective obligation. We must leverage Ontario's competitive advantage – our clean and diverse energy supply – to unleash the potential of this province for benefit of the people who live in it.

In working through the energy transition and toward net zero, I believe that there is more than one path forward but there is only one outcome: we succeed or fail together.

Personally, I'm optimistic about our success.

Thank you.