Realizing The Potential

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What are the policy objectives?

- The key in politics is context:
- What was the original intent and how has the context changed? (What were the political priorities?)
- Original intent (Duncan/Phillips):
  - Demand peaks and “fear of brownouts”
  - Coal – continuing delays
  - New supply
  - Nuclear
  - Environmental action – a minor coda
What are the policy objectives? – cont’d

– The new context:
  – A crashing economy
  – Diminished demand
  – Nuclear Stand-off
  – An agenda on jobs
  – A second term action that looks like innovation and a plan
What are the policy objectives? – cont’d

– The “new” intent (Smitherman):
  – A new economy – green jobs
  – Environmental leadership (that doesn’t cost too much)
  – Continued reduction of coal generation – meeting the new, new commitment
  – Visible leadership (rooftops)
  – Third party support – the coalition of community activists
What are the policy objectives? – cont’d

– Nuclear if necessary but not necessarily nuclear (the cost dance)
– A watchful eye on rates (looking to 2011)
– Green Energy and Economy Act is the result.
Stated Goals:

- **50,000 jobs** in the first three years
- Open investment in Ontario’s green economy (once one goal is now 2)
- Better protecting our environment, combating climate change and creating a healthier future for generations to come
- Making Ontario a North American leader in renewable energy
Stated Goals: - cont’d

- Fostering a culture of conservation by assisting homeowners, government, schools and industrial employers to transition to lower energy use
- Distributed Generation not mentioned at all
How to get there?

- Create a pricing structure that creates an incentive to invest; with an incentive to continue to lower costs (survival of the “FIT – test”)
- Decrease the time and uncertainty involved in the approvals process
- Socialize the cost of some connection impacts (transmission issues in particular)
- Create stronger incentives to visible, community and household based projects
How to get there? – cont’d

– Create new, domestic players – utilities, community groups, aboriginal
– Induce a domestic industry
– Transition issues
– Distributed Generation is the only way to achieve these disparate goals
What’s well done?

- A honest effort at getting big changes in a short period of time – OPA, MEI, MOE, etc.
- FIT pricing – depending upon differing voices, of course – not far off
- Transmission spending
- REA process might work
- Micro FIT
- Community and Aboriginal “Adders”
What’s at risk of not working?

- Continued uncertainty:
  - what are the rules?
  - Transition issues – RESOP to FIT
- Domestic content:
  - How measure an “Irreversible Manufacturing Process?”
  - What will number be?
    • Does that materially alter the economics?
- Timing of transmission improvements (2013) – will they allow realistic planning?
What’s at risk of not working? – cont’d

– Change in control restrictions
  – Energy development is a messy business and these provisions could discourage some and be a bottleneck to new players trying to fix problems with failing developers
– Unilateral Contract Termination Rights
  – It is not clear that all costs will be re-imbursed and policy intent is unclear
– Curtailment for demand or grid stability issues
  – Compensation levels need to be fair
What’s the Roadmap?

– 10 steps to Green Energy
   1. The phase-out of coal by 2014
   2. The $250 Aboriginal loan programme
   3. Aboriginal partnership – capacity building
   4. $2.3 billion transmission upgrades
   5. What are the next 6???
Perils looming on the horizon

1. NIMBY reactions
   - Wind pushback
   - Prime farm land restrictions for solar

2. Weird politics
   - NDP opposes time of use
   - Conservatives?
Perils looming on the horizon – cont’d

3. Rate pressures
   a) HST – 8% impact
   b) FIT costs
   c) Coal phase – out estimates varied from 1% (gov’t) to 3.3% for Clean Air Alliance, to 15% by Navigant, to 60% (by 2014) by the CIBC. So far, very little but …
   d) Nuclear cost?
   e) Cap and trade costs for climate change (early action credit?)
   f) Demand increase?
   g) Supply pressures (economic growth?)
Perils looming on the horizon – cont’d

4. US renewables policy and action – will it absorb equipment, money and innovators?

5. Lack of domestic jobs

6. Will consumers bite?
   – Pricing a major hurdle for DG
New Developments

– New federal action?
  – Roundtables
Distributed Generation Using Renewable Energy
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