



Canadian
Electricity
Association

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de l'électricité

Advancing Canada's Energy Agenda: Getting the National & Local Synergies Right

Remarks by

The Honourable Sergio Marchi

President and CEO of the Canadian Electricity Association

Cranbrook Chamber of Commerce

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Introduction

Good morning, and thanks to David Hull and the Cranbrook Chamber of Commerce for inviting me to address you today.

I am all too familiar with the phrase “not in my backyard” when it comes to electricity infrastructure. But I bet nobody ever said that about having the Rockies in their backyard!

What a splendid piece of the Canadian real estate this is.

As a community-based organization, I wanted to address your Chamber on the critical issue of community engagement, as it relates to the debate around our country’s energy agenda.

Given the criticality of energy to our economic prosperity as a nation, we need to get the local and national synergies right.

And electricity is right at the heart of the discussion.

Now, as the Head of the Canadian Electricity Association, you might think I’m a little biased. As the old saying goes, “he who works with a hammer, sees every problem or opportunity as a nail”.

But this is not hyperbole.

Electricity has been called the “great enabler” of modern society, for good reason. From the alarm that woke us up this morning, to the traffic lights that guided our commute to work, electricity is central to our lives.

In fact, I’d be hard-pressed to think of any other public asset that provides more good, to more people, every single day of the week.

Electricity has become indispensable to the quality of our lives, and to the competitiveness of our economy. Both our social and economic prosperity depend on it.

Simply put, it is a national *Strategic Asset*.

But, like any asset, it must be thoughtfully nurtured – both at the national and local levels.

With this context in mind, let me touch on three drivers that are rapidly converging in our sector, and which will shape the relationship between national and local aspirations for the foreseeable future.

Infrastructure Investment

First, Canada's electricity sector must invest \$350 billion over the next twenty years to renew our aging infrastructure.

There's no getting around it --- like in the US, Europe, and Japan, our systems are approaching an end-of-life-cycle.

Clearly, the scale of investment will have implications for consumers, because no one, neither home owners nor business owners, likes paying more.

But it's not merely a matter of infrastructure the old way – replacing like-for-like.

We have an opportunity, in fact, an obligation, to build an electricity grid that will power a very different, rapidly-changing future, for a very long time.

And to ensure that we pass on to our children and our grand-children a system that, at the very least, is as good and reliable as the one we were fortunate to inherit from our forefathers and mothers.

The good news is that the process of grid modernization is well underway. Our members have been investing some \$13-14B annually for the last number of years.

The tricky news is how political parts of this rebuild, and electricity rates in general, have become in provinces and communities across the country.

My home province of Ontario is a classic example.

Indeed, at Queen's Park, electricity rates, rightly or wrongly, have become one of the chief political weapons for the Official Opposition.

And given this volatility in public opinion, the short term reality of politics, and the fact that every cent must be approved by provincial regulators, this is one file which keeps our CEO's up at night --- and if they are up, that means I am up too!

In addition to this significant financial investment, I also believe that we must make another kind of investment.

Namely, we must strive find better ways of discussing this indispensability with consumers and Canadians at large.

A dialogue that would dispassionately address the issues that really matter the most:

The value that electricity plays in our lives and in the life of our nation.

About how we factor in this value when it comes to the very important matter of pricing and costs.

About how competitive our rates are relative to other commodities, and to electricity prices in the US, EU or Japan.

About our system's reliability record.

And about how important it is to build the best and strongest system for their kids and grandchildren, and not just the cheapest, if we wish to maintain this reliability.

It's critical that we have this conversation. And that we conduct it a frank, accurate, and respectful manner.

We must also strive to build the capacity of communities, aboriginal groups, and other interested parties to engage, while finding creative means for a more valued broad-based engagement with all Canadians.

Therefore, in this context, how do you address local concerns, and what weight do you grant them, when the need to rebuild the electricity Infrastructure is a *national* undertaking, and one that actually goes *beyond* our own borders, given the grid's deep integration with the US?

Furthermore, given the pressures on prices that are top-of-mind with elected provincial representatives and regulators, how do we ensure that the country as a whole does not simply build the *cheapest* system, which runs the real and grave threat of passing onto future generations unreliable, second class electricity?

How then, do you build local confidence and trust at the local level, so that we can build the best and strongest system from coast to coast to coast?

Sector Evolution

The second driver, is the ongoing evolution of the electricity sector, driven by technology and customer preferences.

Traditional business models are evolving. Distribution grids are becoming smarter. New technologies are challenging conventional forms, and they are also empowering Customers with greater choices.

Decarbonization remains a "top of mind" issue.

This technological change is making electricity companies and the networks they manage more agile.

Moreover, as technology empowers local consumers with greater choice, they increasingly become “*partner’s*” of the utility and not merely clients. They want new services and new tools to conserve energy and more choices about how their electricity is generated.

This provides an opportunity for the electricity sector to show the value of electricity, which should result in increased support for electricity-related projects.

We are already well placed. Our sector is currently at some 83% GHG free, making it one of the cleanest in the world. We have reduced GHG’s by 30% since 2005, and will likely do so again by 2030, as much of Canada’s fleet of coal-fired generation comes offline.

No other industrial sector in our country can boast that emissions trajectory.

However, we know we must continue to deliver.

The bottom line is that we need to provide customers --- our partners --- with the energy services they expect, with the reliability they require, at a price they can afford, and at a price that ensures the quality we’re talking about.

If we do this, electricity usage will increase, leading to greater economic and environmental performance of the national economy.

Today, electricity powers only 20% of our industrial, commercial, residential and transportation activities.

As a society, we must find a strategy to grow that number.

Look...

If Canada is to achieve a 30% decrease in greenhouse gas emissions by 2030 (an 80% decrease by 2050), and carbon neutrality by about 2070, targets that are very much at the top of the agenda in Ottawa, then we must develop and drive an electrification strategy for Canada.

Transportation, buildings, industrial activities... opportunities abound to reduce emissions while improving the quality of life for Canadians.

In terms of transportation, for example, which contributes about 25% of Canada’s carbon footprint, going electric cuts fuel costs while drastically reducing emissions.

Now, I'm not saying full electrification of Canada's economy is going to happen overnight. And nor should it. After all, we must pursue reasonable economic evolution and not an ideological revolution.

An incremental shift will allow electricity companies to better understand the impacts on the system and make the appropriate adjustments.

It will also allow more time to find innovative solutions to the complex technical issues that will undoubtedly arise.

But we must build the case for electrification now.

Barring a technological breakthrough that nobody has yet envisioned, the next 40 to 50 years of Canada's energy landscape is being formed today...here in Cranbrook, in Provincial capitals and – coming soon to a theatre near us – in Marrakesh, Morocco during COP22.

Policy

The final driver, not surprisingly, is politics and policy.

Governments – the one in Ottawa and the 13 in provincial and territorial capitals – are pursuing major, transformational policy objectives.

If you consider some of the major goals they are trying to achieve as a country, whether it's:

- Increasing innovation;
- Developing green sources of energy;
- Reducing GHG emissions across the economy;
- Sustainably developing our natural resources; or
- Growing the middle class, and building a more prosperous life for all Canadians, including our Indigenous Peoples.

All of these are major files, and heavy political lifts.

They will also require a shared vision for the future, one that is supported by all three levels of government.

And all will encourage and/or mandate certain behaviours and constraints on the part of our utilities, as well as imposing significant costs.

In this context, again, how do local Canadians and local communities --- who elected these governments --- share in these and help take civic ownership and responsibility for them?

Because these objectives go far beyond individual community boundaries.

Conclusion

In closing, from an electricity perspective, and as a society, how we respond to the infrastructure, technological, and political/policy forces, will determine whether we shape and control our collective future, or whether we will be disrupted and divided by it.

Can we live up to our obligations of ongoing, never-ending nation building? Or, will we become paralyzed by conflicting and contradictory community voices?

Like all of you, I fully accept that in our democracy, we all enjoy the right of self-expression. That all of us want to be heard by our decision makers.

And indeed, our political leaders must constantly strive to enhance how they inform, involve, and consult us.

But at the end of the day, we must also respect a few of the rules of our democracy:

One, based on all the evidence and input, it is the job and responsibility of political leaders to ultimately take a decision. They must find the courage and conviction to take a clear course of action, explain it, and defend it --- notwithstanding the differences of opinion that will always exist.

Two, political leaders must then build a national consensus and common ground for their decision and direction, regardless of how difficult the issues are.

It's called *leadership*, and without it, energy policy --- and any other policy for that matter --- will be doomed.

Regarding leadership, Former Israeli President, Shimon Peres, a very wise man who I was fortunate to have met on a couple of occasions, said it well when he said:

“Leaders must go ahead even when moving ahead is controversial. You must be ahead of time, because if you want to represent the status quo, what do you need leaders for?”

And three, while Canadians live in neighbourhoods and communities, we must always strive to act in the national best interests of Canada.

We all recognize that Energy is a big, big deal for Canada. We equally are grateful that we have been blessed with incredible natural resources.

It is therefore incumbent, and incredibly important, for our political leaders to get this policy right.

Yes, they ought to regularly and effectively consult us. But neither can a process of valued engagement be squandered by political timidity.

Instead, I believe that the political evaluation must be predicated on the premise that our energy assets, which belong to *all* Canadians, deserve and require a national strategic *plan*.

Indeed, Canadians everywhere can help shape that plan.

But when that plan is set --- if it is to mean anything and be successful --- it must also guide how we find the appropriate accommodation between national and local sentiments.

Not an easy task.

Finding that balance is as tough --- personally, I think tougher --- than striking the right note between environmental and economic considerations.

Yet, we must strike the right note, because as we move our energy agenda forward, it is an imperative that cannot be ignored.

But that future must be seized today.

Throughout our history, we have undertaken major projects. Think of the great railroads of the 19th century, or the highway, seaway, and national broadcast systems of the 20th. Or, the Canadian-made arm that extended mankind's reach into space.

We undertook these initiatives because we understood the importance of looking ahead. And each time we did, it was transformative. Uniting our country, facilitating the movement of people, goods and services, and laying the foundation for economic prosperity for generations to come.

Today, we are again at one of those transformative moments.

A time to build something important.

Something enduring.

And if we do it right...and if we do it together...we can build a brighter, greener and better tomorrow.

Thank you.