



Canadian  
Electricity  
Association

Association  
canadienne  
de l'électricité



# **National Aspirations and Influences on Electricity Developments**

## ***National Interest into Provincial Electricity Matters***

Panel Remarks by  
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Good Afternoon and thank you Evan for your introduction, and thanks to the organizers for their invite to address you this afternoon.

In the program for this panel, it talks about “**new national interests**” being brought into the electricity equation and while we can each point to different ones, let me touch on what I view as relatively new and critical.

### **First up, the politicization of electricity rates.**

We have seen a dramatic and rather historic increase in the politicization of electricity markets and rates across most jurisdictions in Canada. They have vaulted to top-of-mind status. Ontario epitomizes this phenomenon, where, at Queen’s Park, electricity rates - rightly or wrongly - have become one of the chief political weapons for the Official Opposition. And where the government has introduced a number of measures to lower the costs, all in an effort to pacify an irate consumer. This heightened attention on rates naturally places great pressure on the Provincial governments, which then gets transferred down to the regulators, where the overwhelming battle cry becomes: **KEEP COSTS DOWN!**

Now, of course, our utilities must be frugal and keep rates as low as possible. No one likes paying more for their electricity! Homeowners don’t like it and neither do businesses but, we must also try to avoid a storm of quick fixes and short-term thinking, because the fundamental drivers behind higher electricity rates are real and relevant. Moreover, ours is a long-term industry, where our members make plans decades ahead. This therefore requires policy stability and predictability which contrasts sharply with the immediacy of public opinion.

### **Secondly, and very much related to the first, is the need to renew and modernize our electricity infrastructure**

There’s no getting around it --- like our EU, American and Japanese friends, our infrastructure is approaching an end of life cycle. This will require an investment infusion of some \$350B by 2030. This also means that we need to be open and up front about that with Canadians. However, given the obsession with costs across the country, our members face a significant political and regulatory risk, since they need to get every cent of this \$350B price tag, approved by regulators.





In addition, how do we guard against the temptation of racing towards the bottom, and building the cheapest infrastructure? If we are to pass on to our children and our grandchildren a system that is at least as strong and reliable as the one we inherited, then we must build the best and strongest system. Which means that we need to marry the concern for costs, with the value that we place in electricity --- that indispensable magic, which contributes to Canadians' quality of life and a competitive national economy. We can't just think about one or the other. It must be both if we are to have and build a system that will serve Canadians well into the future.

**Third, getting the social license to build and operate this new infrastructure is not getting any easier.**

Not only is there much more public engagement and scrutiny --- which is fine in and of itself --- but with it, comes a good deal of pressure for those local communities closest to those projects, to make the final judgement call. To have, in effect, a local veto. The problem with this approach is that when it comes to provincial and national energy projects and infrastructure, there are 35 million shareholders to account for. It goes far beyond the local. Governments must therefore find a healthy balance between national interests and local community concerns. Again, it can't be factoring one or the other, it must be both. The need to rebuild infrastructure happens locally and regionally. But make no mistake, it is a *national* undertaking. More than that, it's a continental one. Our grid runs north-south, is deeply integrated with the US with 35 points of connection, and where we are now in the process of building 6 *new* connection corridors. We therefore cannot afford for just local voices to dictate, not if we are to live up to our obligations of ongoing, nation building. We must find the appropriate accommodation if we are to get this right.

Finally, the Paris Climate Agreement represents a new and significant watershed moment. And our governments are now moving from the "poetry" of the Paris Agreement, to the "prose" of implementing the Pan-Canadian Framework announced last December. As an industry, we are supportive of this shift, as we have long called for placing a price on carbon, as long as it is economy and North American wide. Canada's electricity system is also a clean energy partner. Indeed, we are one of the cleanest electricity systems in the world, at over 80% GHG emissions free. Our sector has reduced emissions by nearly 30% since 2005, and will likely do another 30% by 2030 as we retire existing traditional coal-fired plants. No other sector can claim this track record. So, electricity stands ready to power Canada's low-carbon future.





However, as they implement their international obligations, it is critical that Canadian governments harness a broad consensus among Canadians. And do so over the long term. Our industry requires a stable and predictable plan. One that avoids erratic policy setting and maps out a series of transparent and closer-term mileposts that will help keep us on track for the long haul. As well, governments must be mindful of protecting the competitive position of Canadian companies and consumers. This came most loud and clear in this morning's CEO panel. The issue is important, and its economic impact on Canadian families and business are real. That's why CEA has encouraged the federal and provincial governments to continue to work together to deliver the outcomes that Canadians want, with the least cost and disruption to their lives and livelihoods. In this regard, flexibility is the key.

**In closing, we are undoubtedly at a transformative moment.**

Whether it is achieving carbon reductions, or building the power system of tomorrow and the future is always worth investing in. A time to build something important. Something enduring. And to leverage one of our critical assets --- reliable electrical power --- to build a brighter, cleaner and better tomorrow for all Canadians. Thanks for your attention, and I look forward to the dialogue.

