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

*Panel remarks by*

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ENGAGE: Canadian communities & energy decision making

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Good morning, and thanks to Positive Energy and the Canada West Foundation for bringing us together today to share notes on the critical issue of local community engagement.

This is a critical issue, as our country debates and hopefully advances the “National” energy agenda. *Advancement*, will require us to get the balance between national and local synergies right. And electricity is 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.

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 –at both the national and local level.

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 at an end-of-life-cycle. Clearly, the scale of investment will have implications for consumers, because no one --- neither home nor business owners --- likes paying more.

But it’s not merely a matter of doing 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 grandchildren a system that, at the very least, is as good and reliable as the one we were fortunate enough to inherit from our forbearers.





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 some of this rebuild, and electricity rates in general, have become in provinces and communities across the country.

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.

So, this \$350 Billion-dollar rebuild keeps our CEO's up a night, because it represents a political risk vis-a-vis a volatile public opinion. And because every single penny must be approved by provincial regulators.

Therefore, in this context, how do you address local community concerns? And what proportional weight do you grant them, vis a vis other communities? Especially when the need to rebuild the electricity Infrastructure is a *national* undertaking. And one that actually goes *beyond our own borders*- given that our grid runs north-south and is deeply integrated with the US?

Furthermore, given the pressures on prices that are central considerations for provincial elected representatives and regulators, how do you ensure that the country as a whole, does not simply build the *cheapest* system? This approach runs the real and grave threat of sticking future generations with 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?

## 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; They are also empowering Customers, with greater choices. And 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. How then, do local partners take greater ownership of these obligations that go far beyond their immediate jurisdictions?





## Policy

**The final driver**, not surprisingly, is politics and policy. Governments, – the one in this town 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. And all encourage and/or mandate certain behaviours and constraints on the part of our utilities. In this regard, again, how do Canadians -- - who elected these governments --- and their local communities share in the ownership and execution of these policies?

## Conclusion

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

Whether we find ways to live up to our obligations of ongoing, never-ending nation building? Or, whether we become paralyzed by a checkerboard of conflicting and contradictory community positions?

Like all of you, I fully accept that in our democracy, we all enjoy the rights of self-expression. That all of us want to be heard by our decision makers. And those decision makers must strive to improve how they inform, involve, and consult us.

To build the capacity and to find creative means for a more valued engagement with Canadians. But at the end of the day, we must also respect a few of the so-called rules of our democracy:





**One**, at the end of that engagement process, it is the job and responsibility of political leaders to ultimately take a decision on matters of provincial and/or national consequence. Based on all the evidence and input, 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.

I am not anti-community, but when it comes to a provincial or national energy issue, basing final decisions on individual community judgement calls is certainly not the optimum way of making policy. It's also fraught with uncertainties. For example:

- Should a single community have a veto?
- And how is that *community* defined?
- And who actually speaks for it?
- And how many different communities must be brought into the mix to ensure fairness and balance, when it comes to assessing what Canadians want and feel?

**Two**, political leaders must then build a national consensus for their decision and direction, and create the momentum to see it through. It's called leadership, and without it, energy policy --- and anything other policy for that matter --- will be doomed.

**And three**, while we all live in local neighbourhoods and communities, we must all strive to think and 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.

Rather, that political evaluation call must be predicated on the premise that our energy assets, which belong to *all* Canadians, deserve and require a *national strategic plan*. 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. That's why we're all here today. Finding that balance in energy policy decisions is as tough --- personally, I think tougher --- than striking the right note between environmental and economic considerations. But when 'push comes to shove', in that pursuit of balance between the national and the local, I do believe that the former must be 'first among equals'.

Thanks for your attention, and I look forward to the dialogue.

