

Ontario Petroleum Institute: Let's do business together

Thank you for the kind introduction. It is nice to see you all again. I am bringing you greetings from Energy Minister Glenn Thibeault.

Over and above the work I do in my own riding of Mississauga-Streetsville, it seems that fate has linked me to two good causes: working with Ontario's dentists and oral health community on water fluoridation; and helping our petroleum industry find an expanded and sustainable role in Ontario's energy future. I find both challenges stimulating.

Much of the Ministry of Energy's communications challenge during this calendar year has dealt with the \$50 billion in capital expenditures undertaken in the past 12 or so years, and now coming onto the electricity bills for Ontario's homes, businesses, institutions and industries. It is a problem shared everywhere in the world, and especially in growing economic jurisdictions.

One might ask how the conversations and dealings with Ontario's petroleum industry might be going were the Province as focused on the oil and gas potential within our borders as we are on the need for affordable, sustainable and reliable electricity.

So, let's talk about that.

In the last year, OPI, and some of you in this room, have engaged our government in a manner more serious, more systematic, more thorough, and I would observe, more successful than this industry has ever done before. It has been my personal privilege to help OPI focus its objectives, strategy, proposals and ideas around the third iteration of Ontario's *Long-Term Energy Plan*.

That document, about a year in the making, was originally scheduled for release in the first half of this year. Owing to the focus on measures to mitigate the rising cost of electricity, as a result of the \$50 billion in capital investments I mentioned earlier, data accumulated in part through the long-term energy planning process, provided an insight into how the global adjustment charge ought to be better allocated, and also how electricity-related social costs ought to be managed as other social programs are.

That means on the tax base, and not on the electricity bill. And all that careful work an analysis has meant delivering the *Long-Term Energy Plan* later this year.

I mention this electricity data in an OPI meeting because it was the repeated analysis of a growing body of data and information that led the Province to take a series of bold moves with the confidence to know their outcome.

And that is the process that Ontario's petroleum-related industry has set in motion with regard to the exploration, extraction, refining, distribution and sale of petroleum-based products in this Province. The Province is getting regular data from OPI. It is reliable and credible data. And that data is now factoring into Ontario's future thoughts and plans.

At this stage, the data accumulated in the consultation phase of the *Long-Term Energy Plan* is still being compiled as the process moves toward report-writing. That means that the Ministry's Parliamentary Assistant can't presume the outcome of a report that does not now exist.

Fifty years ago, the Alberta oil sands were more theory and promise than reality and commerce. Ontario has shown it can move quickly once it knows what it intends to do in the energy sector. I am personally confident that our petroleum industry, and its

Remarks by Bob Delaney, Parliamentary Assistant, Ministry of Energy

ecosystem, are going to move forward in the both the near and medium-term.

And in this room, we can look confidently at what is happening across the globe, and how it will impact us here in Ontario.

In the past two days, I have heard committee deputants and other MPPs ask senior people in our energy sector to predict precise energy prices ten to fifteen years from now.

Really?!

What will interest rates be a dozen years from now, or even five years? Will we see the next recession during that time, and if so, how deep and how long will it be? What will GDP growth be in North America in the next decade? What scientific changes are on the horizon, and which ones will forever change patterns of what forms and amounts of energy we use?

Just as the steep growth in annual demand for energy during the economic expansion of four and five decades ago could not keep going forever, neither can – or will – the relatively flat annual energy use growth rates of today. We are going to see the world as we know it change.

I sat for more than 2½ seemingly endless years as the government lead on the Legislative committee that looked into the Province's decision to relocate two natural gas fired power plants. China has recently cancelled more than 100 coal plants. India has announced that within 15 years, no motor vehicles using carbon-based fuels will be on its roads.

The developed world – and a lot of the developing world – are quickly moving toward a consensus on a price on carbon emissions.

Despite the foundational assumptions of entire industries and sectors of our economy shifting profoundly during the next decade, and some, maybe even a lot, of carbon-based

energy shifting to other fuels, there is still a lot of room for oil and gas in Ontario's energy future.

I doubt anyone will dispute that urban transportation will be more electric and less carbon-driven, and that engines will burn carbon-based fuels more cleanly and efficiently. But, for long-haul freight, both road and rail, for air and marine transport, and for the vast distances between populated places in Canada, we'll still use vehicles of a type we recognize today. They will be powered by a familiar and proven fuel that packs a lot of energy into a small size with an established distribution system: petroleum.

Responsible management of the environment does not mean we cannot *ever* burn carbon-based fuels as Ontario moves forward in time, just that we must change such that we burn them in such manner and quantity that their emissions are absorbed sustainably by the environment's carbon sink.

This is why I was happy to see OPI's analysis focus on between two and five percent of Ontario's petroleum use coming from Ontario sources. We are confident that beneath our feet, right here in southwest Ontario, there is at least as much undiscovered oil and gas as has been extracted since the first well in Petrolia came into service in 1858.

We can use those resources in greater quantity today, and we will need them in any credible scenario for tomorrow.

OPI has provided a comprehensive analysis and a formidable business case to the *Long-Term Energy Plan* process.

We all know that Ontario's oil and gas sector is efficient, environmentally sensitive, profitable at oil and gas prices somewhere near where they are now, and able and willing to not merely continue its current rate of production, but at least double it while replacing a proportion of product imported from outside Canada.

Remarks by Bob Delaney, Parliamentary Assistant, Ministry of Energy

This is the scenario for which I passionately made a case when I was discussing the fuels section of the 2017 *Long-Term Energy Plan* at Queen's Park. The business of oil and gas is also an economic driver here in southwest Ontario. An oil and gas sector better able to meet more Ontario demand, with more Ontario product, is also able to drive more Ontario prosperity, in more Ontario communities, with more career options for more Ontario men and women, and bring more hope and more diversified businesses to more places more often.

You *know* you can do this. I am *convinced* you can do this. We need to keep working together to earn the confidence in more of our decision-makers, to grant this unique Ontario industry the mandate to attract and deploy the capital, to find and develop the resources, to enhance the Ontario-based supply of oil and gas, in quantities we will be using responsibly, sustainably and wisely for decades to come.

This is going to take some careful work with our local communities, to ensure that they will be 'willing hosts' for exploration activity, ardent supporters of clean and sustainable oil and gas extraction, and whose residents will share in the benefits over the long term.

In this room, and in this industry, we can neither presume a mandate not yet conferred by the Province, nor presume that our neighbours and their leaders in Ontario communities will embrace industry activity on the basis of facts alone. Facts are a necessary, but seldom solely sufficient, basis for a decision. People and communities have to see themselves as integral participants and beneficiaries in how this industry operates in their midst.

Jurisdictions throughout the world have learned this lesson of consensus and participation in the deployment of renewable energy. In the past decade, Ontario has learned this lesson well, and successfully, in

dealing with Ontario First Nations. It is this series of intangible, or 'soft' steps that consume much of the resource of time, and some of the resource of money, in growing a mandate to proceed.

OPI has served its members well during the past year. Hugh Moran, and your colleagues, have repeatedly made the trip through the wretched GTA traffic, and will continue to do so. Together, we continue to make the case that Ontario can do in oil and gas exploration, extraction, development, refining, distribution and sales what the Province has done in electricity and renewable energy; in motor vehicle and advanced manufacturing; in life sciences; in finance; in infrastructure; in education; and in film and video production. In oil and gas, as in all these fields, Ontario should be a competitive, modern world leader.

In this 150th year of Canadian confederation, we ask ourselves, both at this OPI conference and in Ontario's upcoming *Long-Term Energy Plan*, if our Province has a long-term and sustainable role for its oil and gas sector, and if the people who make the oil and gas sector function are up to the task of the future.

I have no doubt at all about the quality and commitment of the people who comprise OPI and its member companies. Let us devote ourselves to earning and reinforcing the faith we need from our communities and from their governments.

Be confident in the skilled people who speak for you at OPI. Continue to grant them the mandate, and the resources, to work on your behalf. They are effective, and they are doing you proud.

I have enjoyed coming here to spend time, renew acquaintances, and make new friends. Have a pleasant summer, and thank you for inviting me to join you here today.