

System Under Stress

Energy decision making in Canada and the need for informed reform

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Positive Energy

Mandate

- *The University of Ottawa's Positive Energy project seeks to strengthen public confidence in Canadian energy policy, regulation and decision-making through evidence-based research and analysis, engagement and recommendations for action.*
- Three year project: 2015-2018

Supporters and Partners

Financial supporters

- Alberta Energy, AER, BCOGC, BCUC, CAPP, CEA, CEPA, CGA, CNSC, Cenovus, Encana, NRCan

Research Collaborators

- To date: Canada West Foundation, Ivey School of Business and individual academics (Queen's, UofT, Clarkson, UofR)

Polling and Event Partners

- Nanos Research, The Economic Club of Canada

Media Partners

- The Globe & Mail

Our Focus

- Context: the energy system writ large – physical and market systems
- Focus on public authorities
- Distinct from traditional efforts on social license and corporate social responsibility (which stress role of investors and project developers)
- But complementary: it's a system
- And in the longer term transformation to a low carbon economy public institutions will be a critical variable

The Energy Decision Zoo

- Horses that have left the barn – fundamental societal change, modern communications: the system has much adaptation in front of it
- Elephants in the room – notably climate change, the role of indigenous citizens, planning for broad based local consequences: the system has much hard policy work ahead
- Sitting ducks – the energy regulatory system, especially project approvals: regulators carrying far too much of the burden for “fixing” the problem

Principal stress points and their inherent tensions

- The policy-regulatory nexus: two energy solitudes?
- Who decides: the balance between local and higher level decision authorities
- How to decide: engagement, information and capacity

Policy makers and regulators

- Policy makers' job is to build the team, develop the culture, design and call the plays
- But often weak in those areas and have instead got into the habit of coming on the field (and sometimes making late tackles)
- Public looking for forums to deal with big issues (the elephants) – often find regulatory and informal political processes the only available venues
- Result is frustrated citizens and growing regulatory risk for investors

Policy makers and regulators – inherent tensions.

- Better articulated policy up front – when the twitter world is hostile to considered thought
- Extending policy to planning – always hard to reconcile with a market system and harder still in twitter world
- Effectively engaging regulators as sources of information, advice and on the ground intelligence – without compromising arms length status
- Establishing a new balance:
 - Objective, expert, evidence based regulatory decisions
 - While maintaining democratic accountability

Who decides: the role of local

- Specifically local authorities (municipal, indigenous) which have formal legal mandates, legal authorities and responsibilities and democratic accountability to citizens
- Which aspire to greater control over their energy futures
- Which are increasingly affected by local choices such as energy efficiency, local renewables, distributed energy
- But still tie into the larger energy system (notably with linear infrastructure) which they depend on (although they may not know it) and which affects the interest of a much larger community

Who decides: the role of local – inherent tensions.

- What energy decisions can and should be delegated to local authorities?
- Or if not, then what constitutes reasonable and practical consultation and engagement?
- And how to establish a fair balance of impacts and benefits while maintaining cost competitiveness
- Irrespective of who decides, how to enhance local capacity: institutions, knowledge and skills, effective and constructive energy planning

How to decide: engagement

- Citizens increasingly insist on being engaged
- Or do they?
 - How broad based are the demands?
 - How much appetite do citizens have for investing in understanding energy systems and what makes them work?
- As one indigenous leader once put it: we often agree with what the rest of the community is trying to do but we do not have limitless capacity and we have other priorities

How to decide: information and capacity

- Value of engagement limited without much more sophisticated energy information systems: comprehensive, reliable, trusted, accessible
- Value of information limited without capacity to comprehend, process and turn to constructive action
- Citizen engagement through community energy planning critical both to local issues (zoning, heat management, waste management, distributed power) and to constructive involvement in larger systems

How to decide – inherent tensions

- Community confidence
 - Engagement
 - Information
 - Access
 - Sensitivity to local environment, social and cultural values
 - Time for reflection
- Investor confidence
 - Timeliness
 - Certainty
 - Cost

It's a system

- Stress points interact. For eg.:
 - Meaningful citizen engagement dependent on effective policy and planning systems
 - Stronger role for local means resources for investment in information and capacity – who pays?
 - Local control creates its own stresses respecting citizen engagement and stable long term planning
- System thinking easy to say, much harder to carry off

Informed Reform: Guiding Principles

- Start from a systems perspective.
- Accept the horses.
- Befriend the elephants.
- Be clear about policy objectives.
- Define the relevant publics.
- Consider both physical energy and energy market systems.
- Collaborate and coordinate.
- Decide based on adequate, reliable, accessible information

Where next: PCiET

- Public Confidence in Energy Transition (aka transformation)
- Within 30 – 40 years the most fundamental transformation of the energy system since the emergence of the electric power system or petroleum and the internal combustion engine
- But this time, driven less by technology and markets and more by public policy
- Building on Positive Energy work to date
- Still aimed at strengthening public confidence in Canada's decision making institutions through research and engagement – but with the longer view in mind.