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Rachel Thompson
Ministry of Energy, Northern Development and Mines
Strategic Network and Agency Policy Division
77 Grenville Street, 6th Floor
Toronto, ON M7A 2C1
Email: rachel.thompson3@ontario.ca

Dear Ms. Thompson:

**RE: ERO # 019-3007 Ontario's Ministry of Energy, Northern Development and Mines (ENDM)
Proposal to Review Ontario's long-term energy planning framework with a view to
implementing a new, more transparent, predictable, and reliable planning process.**

Industrial Gas Users Association (IGUA) Comments

The Industrial Gas Users Association (IGUA) is an association of industrial companies located in the Canadian provinces of Ontario and Québec, who use natural gas in their industrial operations. IGUA was first organized in 1973 and it provides a coordinated and effective public policy and regulatory voice for those industrial firms depending on natural gas as a fuel or feedstock. IGUA's members are Ontario's largest natural gas consumers. Our members create jobs and contribute to the provincial and local economies, many in remote and rural areas. Access to reliable and competitive energy attracts industrial investment and ensures competitiveness.

IGUA is pleased to comment on the evolution of Ontario's energy planning framework. Attached please find a copy of our comments.

Best regards,

A handwritten signature in black ink, appearing to read "S. Rahbar".

Dr. Shahrzad Rahbar
President



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Industrial Gas Users Association (IGUA) Comments

Executive Summary

IGUA's comments are addressed at the framework for energy planning, and not the contents of energy plans. As noted above, we defer to AMPCO in respect of electricity specific issues. We also defer to Indigenous leaders to comment on how the EPF in Ontario can best recognize, respect, and benefit from the values, priorities and knowledge of Ontario's Indigenous peoples.

Preamble

1- Ontario's Current Energy Mix, Emissions

According to data gathered and published by the Canada Energy Regulator (CER)¹, Ontario's energy consumption mix is comprised of roughly 16% electricity, 28% natural gas, 48% refined petroleum products (RPPs) and 4% biofuels. Understanding the current sources of energy used in Ontario, the current uses of this energy, and the associated carbon intensities and emissions, is central to considering a future approach to energy planning in Ontario, in particular in an increasingly carbon constrained future.

2- Industrial Gas Use in ON

Around 36% of the natural gas in Ontario is consumed by industry for a variety of applications including as feedstock and process input, for process heat, as a back-up fuel, and for combined heat and power production including in shared or district energy systems. The natural gas used for feedstock and process input cannot be replaced by electricity or other fuels. Even where technically feasible, replacing natural gas in industrial operations would require significant capital investments over extended capital investment cycles and would have significant implications for Ontario's continued industrial competitiveness. In many instances, reducing the carbon intensity of industrial operations actually requires an increase in the use of natural gas for input substitution (where feasible) or process changes to displace heavier carbon chemicals and avoid incremental GHG emissions.

¹ <https://www.cer-rec.gc.ca/en/data-analysis/energy-markets/provincial-territorial-energy-profiles/provincial-territorial-energy-profiles-ontario.html#s3>, data current as of 2017.

Ontario's industrial competitiveness requires reliable access to competitively priced energy, including natural gas for retaining current industrial facilities and attracting new industrial investment.

3- The Imperative for Energy Transition

It is clear that energy use and expectations will be different in the coming decades than in the decades past. Advances in energy technology solutions and in communications and information technologies used in managing and delivering energy to Ontarians have increased customer choice of energy solutions and have also increased customer expectations. Climate change concerns, carbon pricing and increasingly stringent emission standards call for rapid decarbonization of the economy.

Large industrial gas consumers have multiple drivers for decarbonization:

- Direct regulatory obligations from multiple levels of government.
- Investor demand and /or corporate commitments.
- Steadily growing market demand for low carbon commodities.

Ontario's industrials have acted early and invested significantly in decarbonization of their products and processes. They also recognize the imperative, and remain committed, to do more.

Considered together, all of these developments are driving an energy transition that commends, and demands, a more integrated view of "energy services". The historical view focused on separate and distinct energy systems has been displaced by technological advancement and creativity. It is an exciting time for responsible and effective energy planning, with a plethora of demands and an array of possibilities.

IGUA Recommendations

1. **A robust EPF must consider ALL energy sources.** A siloed approach focused on electricity planning is no longer appropriate or prudent in Ontario. Given the uses and sources of energy outlined above, and their respective characteristics, carbon intensities and promising synergies, a disproportionate focus on electricity in Ontario's energy planning will compromise robust energy planning and miss opportunities to advance the sustainability, resilience and cost effectiveness of Ontario's energy systems.

A better approach is to focus on meeting overall province-wide energy demand at a lower overall carbon intensity with the least cost burden through thoughtful leveraging and

coordination of the characteristics and capabilities of existing and emergent energy systems. For example, surplus electricity generation can be converted to clean gas/biofuels, allowing low cost, clean energy to be stored for use when and where needed. Distributed high efficiency combined heat and power generation could leverage the natural gas pipeline infrastructure and bolster the resilience of the power grid. Electric vehicles can be a source of smart energy storage and electricity grid regulation services. Decarbonizing and future proofing the current natural gas system would enhance Ontario’s energy system resilience in the face of extreme weather events.

2. LTEP should be based on an all energy inventory: a “state of energy” report. Smart and informed energy planning requires a robust understanding of how energy is produced, imported, transformed, and used in Ontario, currently and prospectively. The planning information base should include:

- An inventory of the current provincial energy picture, including:
 - What fuels from where are used in what applications with what emissions profiles and at what cost.
 - The systems connecting supply (domestic and import) to consumption.
- An inventory of Ontario’s existing pipes and wires assets, including information on value, vintage, integrity, and remaining useful life.
- All energy (electricity, natural gas, RPPs, and other) demand forecasts.
- Available and emerging (fuel and ownership agnostic) solutions for meeting energy demand, including carbon loaded cost information.
- An assessment of emerging issues/risks (for example; distributed energy system reliability considerations, potential for underutilization/stranding of existing infrastructure, consumer protection and safety oversight related new energy technologies and new energy services models).

In the current Ontario Long Term Energy Plan (LTEP) framework the planning process starts with a technical report from Ontario’s Independent Electricity System Operator (IESO). The IESO’s institutional expertise is electricity. It is not well suited to provide an ALL energy inventory, though it can contribute a rich understanding of electricity and a comprehensive electricity data set to that inventory.

Ontario’s other main energy system operator – Enbridge Gas Inc. – is similarly expert in natural gas supply, storage and delivery, but is also not well suited to provide an ALL energy inventory, though it can contribute a rich understanding of natural gas and a comprehensive related data set.

3. The Ontario Energy Board (OEB) should be tasked with providing the all energy inventory.

The recently refreshed and modernized OEB has a rich understanding of both electricity and natural gas energy systems in, and upstream of, Ontario, as well as of other petroleum based fuels and, increasingly, biofuels. The OEB has a proven record of effective stakeholder consultation and engagement, and a practiced ability to distill complex energy issues into clear and sensible reporting, including informed and thoughtful issues and options identification and balanced recommendations.

There is an existing legislative mechanism for the Minister of Energy to seek the OEB's examination, report and advice on any question respecting energy; *Ontario Energy Board Act, 1998*, section 35. This mechanism was effectively used by the Minister of Energy in 2013 to solicit a report from the OEB regarding the proposal for development of the Energy East Pipeline.

The OEB should be mandated with providing a "state of Ontario energy" report in support of a new Ontario EPF, informed by a process of consultation with, and input from, energy sector stakeholders (participants in the energy value chain, consumers, environmental and other relevant NGOs, municipalities, indigenous representatives, and other relevant regulatory agencies (including the IESO, the Technical Standards and Safety Authority (TSSA) and the Electrical Standards Authority (ESA)).

The Canada Energy Regulator (CER) fulfills a similar energy inventory and reporting function nationally.

Recognizing that this would be a significant addition to the OEB's current mandate, legislative reform should provide for government funding for the OEB to develop and retain the resources appropriate for the proposed activities. The OEB is currently a self-funding organization, which remains appropriate in respect of its existing regulatory mandate. However, as noted above, robust and modern energy planning spans energy sources, uses, technologies, and energy services delivery models and actors, beyond the regulated electricity and natural gas sub-sectors, and it would not be appropriate to ask electricity and natural gas ratepayers to fund such a broad activity.

4. The Government should set overall energy planning objectives, including when, and how, energy plan implementation is expected to consider and support non-energy policy objectives, and provide clear direction on prioritization/balancing of energy and non-energy objectives.

IGUA strongly endorses the government's stated intention to empower independent, agency-led energy planning. Independent, agency-led planning is most effective when the government sets clear planning objectives and defers to its independent, expert agencies in respect of detailed and fact based planning, operations and governance in the energy sector.

One historical problem has been provision by the government of broad objectives without indicating how different, sometimes competing, objectives are to be considered and balanced. A related issue has been the engagement of energy policy in pursuit of non-energy policy objectives (such as economic development, or broad decarbonization).

Acknowledging the influence and impact that energy policy can and does have on other public policy priorities, the government in its energy plans/policies should;

- Clearly indicate where the government expects implementation of energy policy to support policy objectives extraneous to energy; and
- in such instances, provide guidance on how the government expects the implementing agencies to balance achievement of the non-energy policy objectives with the central energy policy objectives of safety, reliability, resiliency, and affordability of energy services.

For example, in respect of decarbonization, such direction could include explicit decarbonization targets. In respect of economic development such direction could include preclusion of, or limits on, bill impacts for existing customers in pursuit of broader economic development goals.

To further delineate and regularize the respective roles of government and its independent agencies in energy planning and energy plan implementation:

- The current legislated directive authorities should be reviewed and rationalized, with a view to emphasizing the importance of planning objectives and limiting instances of government direction of implementation of those objectives.
- Where directive authority is retained, all new directives should be required to be posted for public comment prior to approval.
- The "all energy report" and government energy plan development cycle should be legislated as triennial.
- The current provisions for the Minister to require of, and approve, OEB and IESO energy plan implementation plans should be removed. An appropriate balance of agency accountability and independence can be better facilitated through periodic agency reports tabled, for information, in the legislature.

Concluding Remarks

IGUA welcomes the opportunity to comment on a modernized EPF for Ontario. We have refrained from commenting on the content of an Ontario energy plan, and limited our input to framework. Our recommendations are:

- **The EPF must consider ALL energy sources.**
- **The EPF should be based on an all energy inventory: a “state of energy” report.**
- **The OEB should be tasked with reporting on the all energy inventory and the state of energy services in Ontario.**
- **The Government should set overall energy planning objectives, including when, and how, energy plan implementation is expected to consider and support non-energy policy objectives, and provide clear direction on prioritization/balancing of the non-energy policy objectives with the central energy policy objectives of safety, reliability, resiliency, and affordability of energy services.**

We look forward to a new EPF that permits Ontarians to benefit from emerging energy technologies and opportunities and removes legacy energy system silos in favor of a modernized and robust Ontario energy plan.