



April 8, 2021

Ms. Emma Heffernan  
Ministry of Energy, Northern Development and Mines  
Distribution and Consumer Assistance Policy Branch  
77 Grenville Street, 6th Floor  
Toronto, ON M7A 2C1  
Email: [emma.heffernan@ontario.ca](mailto:emma.heffernan@ontario.ca)

Dear Ms. Heffernan:

Re: ERO # 019-3191 Phase 2 of the Natural Gas Expansion Program

The Industrial Gas Users Association represents large industrial gas users in Ontario and Quebec. Our membership spans multiple industry sectors such as mining, steel, chemical, pulp and paper and bio-based materials. IGUA members are committed to environmental stewardship and take pride in having lower emissions intensity than many of their exogenous competitors.

IGUA is pleased to comment on the proposed Phase 2 of the Natural Gas Expansion Program and to offer our recommendations.

**Comments on the Proposed Amendments:**

- As Ontario's largest consumers of natural gas, IGUA members understand and endorse the value of natural gas services in providing a reliable, cost effective, flexible and safe source of relatively low-carbon fuel. IGUA fully appreciates the Ontario government's objective of providing access to affordable, clean gaseous fuel to more Ontario communities where more expensive and carbon intensive and less reliable fuels can thereby be displaced.
- In November 2016 the Ontario Energy Board concluded a generic review of community natural gas expansion and concluded that;
  - It was appropriate to provide Ontario's natural gas utilities with new regulatory and ratemaking tools to facilitate economic expansion of natural gas delivery services in Ontario; and
  - those customers benefitting from the expansion of such services can and should bear the costs of such expansion, which can readily be funded over time by the energy cost savings to new gas customers that the expansion of natural gas services yields.

The government subsequently determined that it would enhance the newly available regulatory and ratemaking natural gas services expansion framework put in place by the regulator with a modest subsidy funded in the gas delivery rates paid by all Ontario natural gas delivery customers. A regulation was passed identifying a set of expansion projects for receipt of such funding, and the currently proposed regulation lists a second set of expansion projects, reviewed

and prioritized through an Ontario Energy Board process requested by the government, for funding, and proposes to continue the modest subsidy provided through the natural gas delivery rates paid by existing gas customers.

- IGUA recognizes that the government has taken a measured approach in order to ensure that the rate subsidies put in place to support the further expansion of natural gas delivery services in Ontario is manageable for existing gas customers. A measured and manageable approach to such subsidies is important for all existing gas customers, including the trade exposed large volume natural gas industrial consumers who have, and continue to, heavily invest in Ontario in support Ontario's economy and communities. Affordable energy is a necessary input for the economics of continued deployment of capital in Ontario by these industrial natural gas dependent consumers. Maintaining competitive, cost reflective natural gas delivery rates depends on the government maintaining a measured approach if rate funded expansion subsidies are to be continued. The new customers benefiting from the clean, safe, reliable and low-cost natural gas to be brought to their communities should fund most if not all of the costs of providing those benefits, and with the ratemaking tools put in place by the Ontario Energy Board this can be accomplished over time in an affordable manner and out of the cost savings provided to those customers by access to natural gas.
- At the same time, IGUA notes that the economics of expanded natural gas services may change as the cost of carbon increases into the future. To avoid or minimize the potential for future underutilization or stranding of utility infrastructure, further expansion of natural gas delivery infrastructure should continue to be measured and prioritized only where economically justifiable now and into the foreseeable future.

Do not hesitate to contact me if you require clarification or additional information, or wish to discuss this input.

Regards,

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

Shahrzad Rahbar, PhD, ICD.D  
President, Industrial Gas Users Association