Summary of March 11th, 2020 Webinar on Ontario Energy Decisions on the Radar

Presentations and Topics Included:

- Sarah Buchanan, Environmental Defence: Enbridge Pipeline
- Michael Brophy, Pollution Probe, Distributed Energy Resources Consultation
- Juan Sotes, TAF: Electricity Generation and CO2 Emissions
- Gabriella Kalapos, CAP: Natural Gas Expansion and DSM and CDN Post 2020 Framework

Goals for the Webinar Include:

- To provide background information and timeline for consultation/decision
- To gather questions from municipalities
- To gather input on process, next steps that municipalities would suggest

Actions Items from Webinar

- **Enbridge Proposed Pipeline: ACTION: If you have question/comments you would like to provide CAP is compiling a Clean Air Council letter. Just send your questions/comments to gkalapos@cleanairpartnership.org**
- **Distributed Energy Resources Consultation: ACTION: There is the ability for the CAC to sign onto the Pollution Probe submission. CAP will send the draft of the Pollution Probe submission to the CAC for their review and input on the CAC direction.**
- **Natural Gas Expansion: ACTION: What other questions do you have? Send them to gkalapos@cleanairpartnership.org**
- **We are hoping to compile all the questions by the end of March 2020. The plan would then be to send that to the OEB and it can also be sent to Enbridge and the Ministry/Minister of Energy, Mines and Northern Development. It would be great if people have suggestions for next steps outside of those if they can also send that in an email.**

Sarah Buchanan, Environmental Defence: Enbridge Pipeline (pdf of presentation)

- Enbridge has an application into the Ontario Energy Board (OEB) for a 10.2 km pipeline connecting Kirkwall Valve and Hamilton Valve sites
- Goal is to increase capacity of system in order to enable increased natural gas-fired electricity
- Secondary goal to deliver gas to New England
- Will cost $204 M to build and to be paid off the rate base

- Pipeline at max capacity *could* transport gas that would emit 1.8 mega tonnes more carbon emissions each year
- We don't yet know planned throughput, but we do know this pipeline will enable a rise in Ontario's carbon emissions from electricity due to increased use of the natural gas plants
- It would also travel through the Beverly Swamp, a sensitive wetland
- Forecast revenues are $120 million less than forecast costs; therefore, Ontario gas consumers will subsidize project by $120 million
- The rationale for the need for the pipeline to bring in more natural gas is for when Pickering closes and nuclear refurbishments
- It's important that other options for how to address the need for additional electricity are considered
- For example, energy efficiency; renewables + storage; Renewables now cheaper than ever
- Importing power from Quebec: buyquebecpower.ca
- There is Clean Air Alliance event on March 12th from 7 – 9 pm on the pipeline and other electricity options that is available online at https://www.facebook.com/CleanAirAlliance/. This will also be where there may be a recording of that event if that is available.
- There will be an oral hearing - date TBD (Enbridge wants hearing to be done by April 1)
- Also "a public presentation day for brief oral submissions from individuals that are not intervenors" (date TBD)
- Many organizations, municipalities, & citizens have written letters expressing concern over ecological and climate impacts, multiple petitions circulating
- It is unlikely that the OEB will be considering climate in their decision making as GHG reductions has not been added to the OEB's mandate by the Ministry of Energy, Mines and Northern Development.
- Enbridge says that the OEB should not consider climate impacts either upstream or downstream emissions. They say it is "out of scope". *"Consistent with its statutory mandate, the focus of the OEB's review will be on the proposed pipeline itself and its location (including any environmental impacts directly related to the construction of that pipeline)."*
- But the OEB will consider need for pipeline, alternatives to pipeline, cost to ratepayers
- One potential alternative is "no-build" option if the need can be met other ways: ex. conservation/efficiency; renewables; import from Quebec
- Rising electricity GHGs could impact municipalities' ability to meet climate targets
- Hamilton and Kitchener both intervening
- Hamilton City Council has sent in a letter to the OEB asking How does this fit Hamilton's climate emergency declaration
- City of Hamilton letter to OEB: http://www.rds.oeb.ca/HPECMWebDrawer/Record/667355/File/document
- **ACTION: Other municipalities can submit letters. Conservation Authorities can also weigh in (& will need to provide permits later)**

- More information available at: https://www.oeb.ca/participate/applications/current-major-applications/eb-2019-0159
- That web link is also where comments/questions can be submitted
- **ACTION: If you have question/comments you would like to provide CAP is compiling a Clean Air Council letter. Just send your questions/comments to gkalapos@cleanairpartnership.org**
- Technically the date for submissions has passed (more than 60 days from Enbridge application) but there is still the ability to put in a submission so if you can send your questions and comments by March 24th we aim to submit the comments by March 27th.

Michael Brophy, Pollution Probe, Distributed Energy Resources Consultation

- The OEB has three proceedings taking place on Distributed Energy Resources
- **Responding to Distributed Energy Resources:** "The OEB is initiating a consultation to develop a more comprehensive regulatory framework that facilitates investment and operation of DERs on the basis of value to consumers and supports effective DER integration so the benefits of sector evolution can be realized." https://www.oeb.ca/industry/policy-initiatives-and-consultations/responding-distributed-energy-resources-ders
- **Utility Remuneration:** to identify how to remunerate utilities in ways that make them indifferent to traditional or innovative solutions, better supports their pursuit of least cost solutions, strengthens their focus on long-term value and requires them to reflect the impact of sector evolution in their system planning and operations." https://www.oeb.ca/industry/policy-initiatives-and-consultations/utility-remuneration
- **LCD Connection for DERs**: The third consultation focuses on review of LDC connection procedures for DERs: "to review its requirements in regard to the connection of distributed energy resources (DERs) by licensed electricity distributors (DER Connections Review). The purpose of this initiative is to identify any barriers to the connection of DERs, and where appropriate to standardize and improve the connection process. The review will be focused on connection of electricity generation and storage facilities connected to the distribution system, either in front or behind the distributor's meter." https://www.oeb.ca/industry/policy-initiatives-and-consultations/distributed-energy-resources-der-connections-review
- The OEB presently has the framework for the DER and Remuneration out for public consultation the summary of the feedback the OEB heard is available here: **https://cleanairpartnership.org/cac/wp-content/uploads/2020/03/Staff-Presentation_Remuneration_DER_February-20-Stakeholder-Meeting_20200210.pdf**
- A very important change is the structure is the movement from customer focus to consumer focus. This recognizes a larger focus than just the bill payer and includes renters who do not pay the bills directly. This is an improvement over simply the customer perspective.
- Guiding principles will provide a value, criterion or standard used to compare different policy options and develop a preferred approach and they are:

- Economic Efficiency and Performance: The regulatory framework focuses on outcomes and promotes economic efficiency, cost effectiveness, safety, reliability, service quality and long term value for consumers.
- Consumer Centric Focus: The regulatory framework prioritizes cost containment and demonstrable value to consumers. It enables greater consumer choice and control and empowers efficient investment decisions and behaviour. It increases consumer confidence in the sector
- Stable yet Evolving Sector: The regulatory framework enables sector participants to adapt to change. It maintains the opportunity for utilities to earn a fair return. It neither precludes alternative business models that may be desirable nor impedes the entry of new entities. It encourages optimal use of existing assets, as new technologies and approaches to providing energy services are adopted.
- Regulatory Effectiveness The regulatory framework is practical to administer in terms of cost and complexity while enabling appropriate oversight. It is predictable insofar as its rules and requirements are applied consistently in similar circumstances. It is also adaptable, flexible and sustainable.
- **ACTION: There is the ability for the CAC to sign onto the Pollution Probe submission. CAP will send the draft of the Pollution Probe submission to the CAC for their review and input on the CAC direction.**

Juan Sotes, TAF: Electricity Generation and CO2 Emissions (PDF of Presentation)

- After the coal phase-out, more than 90% of Ontario's grid became carbon free.
- In 2020, 8% of electricity is expected to come from natural gas (NG)
- In regards to GHG reduction efforts electricity demand is expected to increase (moving to electric vehicles (EVs) or fuel switching.
- If all the decrease in nuclear generation (refurbishments and closing of Pickering) and increase in demand are met with NG it is possible that in 2040, 20% of electricity could be coming from NG if efficiency and renewable/distributed energy resources are not pursued
- There is also likely to be an increase in forecasted GHG emissions due cancellation of renewable energy projects and energy efficiency (EE) initiatives
- It is also important to keep in mind that GHG calculations related to NG at present don't account for fugitive emissions associated with the extraction, transportation and distribution of NG. All evidence is indicating that not bringing fugitive emission considerations into the decision making is significantly underreporting/considering the GHG implications of NG. **TAF is exploring research to better identify the more appropriate CO2 co-efficient that would take those emissions into account.**
- The challenge is that people don't know what is the right co-efficiency to use as there is very large variability in the numbers that are out there.
- There is also the calculation on using average or marginal CO2 numbers for electricity. The impact of intervention, both increasing or reducing demand, depending on when it occurs higher than what average emissions factors would result in.
- More info and Emissions Factors: Electricity emissions factors and guidelines

Gabriella Kalapos, CAP: Natural Gas Expansion and DSM and CDN Post 2020 Framework (PDF of Presentation)

- Natural Gas Expansion Support Program created under the Access to Natural Gas Act, 2018
- To extend access to natural gas to reduce energy costs
- Current expansion projects include:
- Chatham-Kent – construction began in July 2019
- Southern Bruce – construction began in July 2019
- Chippewas of the Thames First Nation – construction began in September 2019
- Scugog Island – construction expected to begin winter 2020
- OEB now collecting information about natural gas expansion opportunities across Ontario to develop a report on eligible projects for the ministry.
- The OEB will deliver its report to the government by August 2020, after which a final decision will be made on future expansion projects eligible to receive support through the Natural Gas Expansion Program.
- Questions we have noted thus far include:
- How is it being paid for? It appears plans are to make the provincial rate base pay for this
- What other options were considered? efficiency/geothermal/heat pumps?
- Have they considered future impacts of carbon pricing on whether natural gas expansion works for customers?
- What does it cost: per connection
- What is the pay back (based on savings from electricity to natural gas per connection). Factoring in likely carbon price increases?
- **ACTION: What other questions do you have? Send them to gkalapos@cleanairpartnership.org . We are hoping to compile all the questions by the end of March 2020. The plan would then be to send that to the OEB and it can also be sent to Enbridge and the Ministry/Minister of Energy, Mines and Northern Development. It would be great if people have suggestions for next steps outside of those if they can also send that in an email.**
- Demand Side Management for Gas Utility: **The 2015 – 2020 DSM Framework expires on December 31st, 2020 . OEB has initiated a consultation to consider the post 2020 DSM Framework**
- **The scope of the review will include, amongst other things, consideration of the objectives to be achieved by DSM activities, integrated resource planning, cost recovery, program mix and how utility performance should be incentivized and measured.**
- The link to the OEB page for this that includes updates and all documentation and submissions thus far is available at: https://www.oeb.ca/industry/policy-initiatives-and-consultations/post-2020-demand-side-management-dsm-framework
- **The Clean Air Council has provided input on the DSM in 2019**
- CAP will be tracking this file and will be reporting back to the CAC with updates and requests for input.

- Same thing is occurring for the CDM Framework for the electrical system. **Existing Framework changed in March 2019 via Ministerial Directive. This Framework is also set to expire at the end of 2020. CAC has collated input via the Long Term Energy Plan that can be used as a base for municipal priorities**
- CAP will also be tracking this and reporting to the CAC on updates and requests for input.