

Dear NAME:

I'm writing to inform you of a revised direction with respect to the 2017 LTEP modelling in light of recent developments and discussions. I am extremely grateful for the hard work of the ministry to continue to increase our understanding of the fuels sector, in particular given the competing priorities and pressures it has been under this past year.

However, CO and PO is no longer comfortable proceeding with a plan to publish the updated Navigant fuels modelling in the 2017 LTEP for the reasons, including:

- Uptake of existing renewable distributed technologies (e.g. thermal technologies like solar hot water heaters) are not accounted for in the modelling and are anticipated to have increased market penetration due to government incentives;
- Modelling assumptions do not currently match initiatives and assumptions contained in the Climate Change Action Plan (CCAP), and it is not clear what the basis for many assumptions is;
- Assumptions surrounding percentages of biofuels and renewable natural gas, while useful for modelling purposes, rely on potential government actions that have not received Cabinet approval;
- The projected impacts on natural gas costs are predicated on government actions that have not received Cabinet approval, and the modelling assumes cost levels for RNG in 2035 based on estimates of costs today, which is likely inaccurate given how costs typically decline as industries mature;
- Assumptions for the uptake of electric vehicles are well beyond what other sources are currently projecting, including MOECC, and signalling this large of a shift may point to an intention to use more drastic policy measures to accomplish this goal, and have unwanted and unintended impacts on the vehicle industry in Ontario;
- Given the uncertainty of the assumptions, and impacts of other forces over the planning period, publishing the fuels outlooks may:
 - send inaccurate and improper signals to the public and industry that would influence long-term planning and decision making;
 - forecast, potentially erroneously, that the province will need to rely heavily on the purchase of out of province emissions allowances to meet its GHG emissions reductions targets under the cap and trade program; and
- The level of uncertainty regarding the uptake of new and emerging technologies, development and commercialization of disruptive technologies, and environmental conditions which drive energy consumption warrants a measured and cautious approach.

I recognize that this will result in a stakeholder and partner management issue for the Ministry given the extent to which fuels were forecasted to be part of the 2017 LTEP through the release of the

Fuels Technical Report, and the consultations and supporting discussion guide. However, given the degree of the possible negative impacts, we feel that to include the models will create more harm on balance, and may actually result in larger stakeholder concerns in the longer-term.

To mitigate this concern the 2017 LTEP will need to speak to the fuels sector and outline objectives and projections in more narrative terms.

I look forward to continuing to work with you on this important initiative, and please do not hesitate to reach out should you want to discuss this further or have any questions or concerns.

Kind regards,