

RE: LTEP Cabinet Submission

From: "Greenberg, Martha (CAB)" <"o=govon/ou=exchange administrative group (fydibohf23spdlt)/cn=recipients/cn=greenberg, martha (cab)3ff">
To: "Kwamena, Boafoa (CAB)" <boafoa.kwamena@ontario.ca>
Date: Tue, 29 Aug 2017 09:24:56 -0400

Meeting energy and PO at 930. Talked with Gillian she is seriously considering not including fuels in the LTEP, so asked about requirements (as you would have seen on emails). Sent her the below this morning. She said that she wants to talk with energy about it at 930 but will probably also raise at the 1:1/weekly this morning, the desire to include fuels or not (so legally seems ok not to include in my quick read, just public commitment and expectations that would be included).

From: Kwamena, Boafoa (CAB)
Sent: August-29-17 9:20 AM
To: Greenberg, Martha (CAB)
Subject: RE: LTEP Cabinet Submission

I am a meeting. I will find you.

From: Greenberg, Martha (CAB)
Sent: August 29, 2017 9:19 AM
To: Kwamena, Boafoa (CAB)
Subject: FW: LTEP Cabinet Submission

Coming to explain...

From: Greenberg, Martha (CAB)
Sent: August-29-17 9:11 AM
To: McEachern, Gillian (OPO)
Cc: Moore, Karen (CAB); Davidson, Steven (CAB)
Subject: FW: LTEP Cabinet Submission

Hi,

Just tried you but no luck, will try you again shortly. In answer to your question with respect to what is required to be in LTEP, below provides you with what is legally required to be in LTEP vs what is publically committed to be in the 2017 LTEP:

1. **The Energy Statute Law Amendment Act, 2016** doesn't specifically call out fuels as needing to be part of the LTEP, but it does use the more inclusive term "energy" as opposed to electricity:

25.29 (1) At least once during each period prescribed by the regulations, the Minister shall, subject to the approval of the Lieutenant Governor in Council, issue a long-term energy plan setting out and balancing the Government of Ontario's goals and objectives respecting energy for the period specified by the plan.

(2) For the purposes of subsection (1), a long-term energy plan may include goals and objectives respecting,

- (a) the cost-effectiveness of energy supply and capacity, transmission and distribution;
- (b) the reliability of energy supply and capacity, transmission and distribution, including resiliency to the effects of climate change;
- (c) the prioritization of measures related to the conservation of energy or the management of energy demand;
- (d) the use of cleaner energy sources and innovative and emerging technologies;
- (e) air emissions from the energy sector, taking into account any projections respecting the emission of greenhouse gases developed with the assistance of the IESO;
- (f) consultation with aboriginal peoples and their participation in the energy sector, and the engagement of interested persons, groups and communities in the energy sector; and
- (g) any other related matter the Minister determines should be addressed.

The technical report requirements are focused at the electricity sector however, and the FTR would have been a step beyond that:

Technical reports by IESO

(3) The Minister shall, before issuing a long-term energy plan under subsection (1), require the IESO to submit a technical report on the adequacy and reliability of electricity resources with respect to anticipated electricity supply, capacity, storage, reliability and demand and on any other related matters the Minister may specify, and the Minister shall,

(a) consider the report in developing the long-term energy plan; and

(b) post the report on a publicly-accessible Government of Ontario website or publish it in another manner, before undertaking any consultations under subsection (4).

2. **The discussion document released for the consultations** also contained the below language and consultations were clear that the intention was to have a larger focus on fuels for the 2017 LTEP.

“With the next LTEP, the Ministry of Energy intends to expand the discussion of Ontario’s energy future by including a comprehensive review of the province’s fuels sector and the supply of fuels such as oil, gasoline, propane and natural gas.”

And:

“Towards a Broader Energy Focus

Three-quarters of the energy used by Ontarians comes from fossil fuels such as oil, natural gas, and their derivatives. Natural gas, for instance, is commonly used to heat water, homes and buildings in the commercial and industrial sectors. Products derived from crude oil, such as gasoline, diesel and jet fuel, are widely used to fuel cars, trucks, buses and planes.

Simply put, residents of Ontario rely on oil and natural gas to support their basic needs for heat and transportation. So any LTEP needs to take account of how these fossil fuels are used. Ontario produces very little of the oil and natural gas it uses. Almost all of it is delivered from outside the province by interprovincial and international pipelines that are under federal jurisdiction and regulated by the National Energy Board. Previous provincial governments have not focused on oil and natural gas the way they have on the electricity produced in the province.

That began to change in 2013. That was when Ontario, through the 2013 LTEP, established a set of principles the government would use to evaluate oil and natural gas pipeline projects. It also committed, where cost-effective, to put *Conservation First* in the planning processes for both electricity and natural gas before building new energy infrastructure.

This increased attention received new urgency with the government's *Climate Change Action Plan*, and its enabling legislation, the *Climate Change Mitigation and Low-Carbon Economy Act, 2016*. In light of the province's emission reduction goals, the 2017 LTEP should take a broader view of the province's energy needs and consider how the uses of electricity and fossil fuels influence each other. For example, because Ontario's electricity supply is largely emissions free, commitments in the *Climate Change Action Plan* foresee a switch from conventional fossil fuels to the use of electricity for heating and cooling buildings and powering transportation. In addition, electric vehicles are becoming a more prominent focus of this discussion.

Work is also underway to add a certain amount of renewable natural gas (RNG) from landfills, sewage treatment plants and agricultural operations to the province's natural gas supply. This would ensure a cleaner and more efficient use of our existing natural gas pipelines. In the future, it may become more economical to produce hydrogen or synthetic natural gas from clean electricity.

The changes sparked by climate change will affect all aspects of energy demand, and will require the government to take an integrated approach to planning for the transition to a low-carbon economy."

From: Greenberg, Martha (CAB)

Sent: August-28-17 9:30 PM

To: McEachern, Gillian (OPO); Donelson, Philip (OPO); Davidson, Steven (CAB)

Cc: Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Foster, Robert (CAB); Kwamena, Boafoa (CAB)

Subject: Re: LTEP Cabinet Submission

Will confirm. I don't believe it is a requirement to include fuels, it was included given the increased importance and to broaden ltep to being more comprehensive and not just electricity. The fuels report was released in the fall so if there isn't anything in ltep, it would generate some questions but maybe fewer than if we went out with this, not understanding the modeling.

Will confirm specific requirements though.

From: McEachern, Gillian (OPO)

Sent: Monday, August 28, 2017 9:24 PM

To: Greenberg, Martha (CAB); Donelson, Philip (OPO); Davidson, Steven (CAB)

Cc: Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Foster, Robert (CAB); Kwamena, Boafoa (CAB)

Subject: RE: LTEP Cabinet Submission

Thanks.

I want to confirm my understanding of the LTEP requirement - does the legislation specify electricity and fossil fuels? The previous one did not include the fuels component to this extent, so am wondering how far our obligation goes.

Gillian McEachern
Executive Director of Policy
Office of the Premier of Ontario
416.325.7038

From: Greenberg, Martha (CAB)

Sent: Monday, August 28, 2017 9:18 PM

To: McEachern, Gillian (OPO); Donelson, Philip (OPO); Davidson, Steven (CAB)

Cc: Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Foster, Robert (CAB); Kwamena, Boafoa (CAB)

Subject: RE: LTEP Cabinet Submission

Thanks. I imagine Steven will want to be at the meeting as well so we'll work to find some time first thing in the morning that works for you and him. Tim has done a quick look at the submission and notes:

- Fuels demand is now projected to decrease a much slower rate. Now at 2,184 PJs in 2035 as opposed to 1,843PJ from previous modelling
- Residential natural gas bills now top out at \$243/month as opposed to \$170. A more than 330% increase from today, and almost 150% higher than previous modelling.
- Despite huge increases in natural gas costs, no update to electricity costs.
- Fuels GHG emissions more than 4MT higher in 2030 than previous modelling. 94.99MT vs 90.94MT
- No update to the modelling assumptions for fuels in the note (so no explanation of what changed)

More fun for tomorrow...

From: McEachern, Gillian (OPO)

Sent: August-28-17 9:10 PM

To: Greenberg, Martha (CAB); Donelson, Philip (OPO); Davidson, Steven (CAB)

Cc: Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Foster, Robert (CAB); Kwamena, Boafoa (CAB)

Subject: RE: LTEP Cabinet Submission

I agree Martha.

The new modelling creates a 20-25 MT gap. ENE needs to explain how that reflects CCAP assumptions and if not, how they are incorporating them.

Gillian McEachern
Executive Director of Policy
Office of the Premier of Ontario
416.325.7038

From: Greenberg, Martha (CAB)
Sent: Monday, August 28, 2017 8:53 PM
To: McEachern, Gillian (OPO); Donelson, Philip (OPO); Davidson, Steven (CAB)
Cc: Moore, Karen (CAB); Hindmarch-Watson, Tim (CAB); Foster, Robert (CAB); Kwamena, Boafoa (CAB)
Subject: LTEP Cabinet Submission

Hi,

We have just received an updated submission from energy on LTEP and upon review, I can say that Karen, Tim and I are quite concerned with the updates to the fuels modeling contained in this version. As you'll see, the decrease in demand has been greatly reduced, which also impacts the GHG emissions reductions.

We would recommend we ask energy to come in early tomorrow and walk us all through these changes and what changed in the modeling and discuss where we all stand on this proposal.

Attached is also their update to the minute we sent back this evening, while most are fine, we are not comfortable with the changes they made to 1ci.

Thanks,
Martha

From: Schlaepfer, Martin (ENERGY)
Sent: August-28-17 8:11 PM
To: Hindmarch-Watson, Tim (CAB)
Cc: Moore, Karen (CAB); Downarowicz, Ewa (CAB); Armstrong, Hillary (ENERGY); Greenberg, Martha (CAB)
Subject: RE: Draft LTEP Cabinet Submission

Hi Tim,

Attached is the latest draft of the Cabinet submission, which reflects the latest on Navigant modelling. We've included the most recent draft of the minute in the submission. In case you'd like it in word format, attached is the word version of the minute with our changes tracked on the version you shared.

Our MO is going to share with PO now as well.

Thanks,
Martin