

Ministry of Energy

Long-Term Energy Plan Frequency
Regulation

Profile at a Glance

Priority: Other regular business**Public Interest:** Low**Key Stakeholder Interest:** Low**New Costs/Burdens:** No for Stakeholders; No for Government**New Savings/Opportunities:** No for Stakeholders; No for Government

Proposed Items for Review

1. New regulation under the *Electricity Act, 2006*, titled "Long-Term Energy Plans"

Approvals required prior to LRC

	Committee and date	Cabinet Date
Policy	LRC, August 29, 2017	August 31, 2017
TB/MBC	No approvals needed	

Deputy Minister_____
Date_____
Minister_____
Date

s. 1 Proposal and Context

- The Ministry of Energy is currently developing Ontario's 2017 Long-Term Energy Plan ("LTEP") according to the long-term energy planning process outlined in the *Electricity Act, 1998* ("the Act").
- Subsection 25.29 (1) of the Act states that the Minister of Energy, subject to approval of the Lieutenant Governor in Council, will issue a LTEP at least once during each period prescribed by the regulation.
- To comply with this subsection, the Ministry of Energy is proposing a new regulation specifying the prescribed period between intervening LTEPs.

**s. 2 Approach and
Intended Outcomes**

- According to subsection 25.29 (1) of the Act, the period between intervening LTEPs may be stipulated in regulation:
 - *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*
- The Ministry of Energy is proposing a new regulation ("Frequency Regulation") to comply with this subsection. The Frequency Regulation specifies that the government will issue at least one LTEP within three years of either:
 - The Minister of Energy approving all implementation plans submitted under subsection 25.31 of the preceding LTEP; or
 - The issuing of the preceding LTEP, if no implementation plans were required as part of the last plan.
- By specifying the prescribed period between intervening LTEPs in regulation, the Ministry can provide additional certainty to energy sector stakeholders.
- The regular development and release of LTEPs, in accordance with the process described in the Act, helps stakeholders more effectively plan investments and initiatives.
- Given the administrative nature of the proposal, the Frequency Regulation is not expected to have a significant direct impact on Ontarians.

s. 3 Direction and Urgency

- The Ministry of Energy is planning to release the next LTEP in Fall 2017, subject to Cabinet approval.
- According to the proposed Frequency Regulation, the next Cabinet-approved LTEP will be released within three months of the proposed regulation coming into force.
- The Ministry of Energy plans to seek LRC approval of the proposed Frequency Regulation in late August, prior to the release of the 2017 LTEP.

**s. 4 Impact Assessment
and Costs**

See Appendix A, Impact Assessment

- The proposed Frequency Regulation will primarily impact the Ministry of Energy. As a result of the proposed regulation, the Ministry will be required to develop and release a LTEP every three years, per the process described in the Act.
- To issue an LTEP, the Minister of Energy follows this process:
 - a. Require the Independent Electricity System Operator to submit a technical report on the adequacy and reliability of electricity resources;
 - b. Publicly engage with consumers, distributors, generators, transmitters, and Indigenous members on LTEP development;
 - c. Release and post a LTEP on a publicly-accessible website after considering engagement feedback and technical report findings;
 - d. Issue any implementation directives to the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB).
 - e. Approve or reject any implementation plans submitted as a result of any implementation directives.
- The frequency of LTEP releases will directly impact the Ministry and its agencies with respect to the planning of future LTEPs as per the process outlined in legislation.

- In addition to the impact to the Ministry of Energy, energy sector stakeholders and the public will also be affected. These parties will be asked to provide input and participate in engagement activities.

s. 5 Implementation

- The Ministry of Energy will be primarily responsible for implementing and adhering to the proposed Frequency Regulation.
- The Ministry will be responsible for releasing the next LTEP within three months of the proposed regulation coming into force.
- Subsequently, the Ministry will be responsible for following the legislated energy planning process and releasing successive LTEPs within the prescribed period.

s. 6 Delivery and Results Tracking

- The Ministry of Energy will track the progress of LTEP engagement and development to ensure each LTEP is issued within the prescribed period.

s. 7 Stakeholder Consultations

- On July 7, 2017, the Ministry of Energy posted a proposal on the Regulatory Registry as well as the Environmental Registry to provide stakeholders and the public with the opportunity to comment on the Frequency Regulation.
- The posting period was 45 days to provide stakeholders and the public adequate time to review and comment. The posting closed on August 21, 2017. The Ministry received xx comments through the regulatory posting.
- The Ministry received one submission from the Ontario Energy Association (OEA). The submission contained two recommendations:

1. **Align LTEP frequency with other planning process:** OEA cites the Climate Change Action Plan and regional electricity planning process requiring review at least once every five years.

OEA recommends either 1) adding a rationale as to why LTEP should be every three years, or 2) considering how the frequency and release timelines can be aligned.

Rationale for Ministry's Approach

- The energy planning process enshrined in the *Electricity Act, 1998* is designed to be flexible and responsive to changing technology, emerging trends within the sector, and policy and program needs.
 - The three year review period allows the government to respond to these changes.
- The Ministry of Energy will continue to work with other ministries including the Ministry of the Environment and Climate Change to align the LTEP with the Climate Change Action Plan.
 - The LTEP and the CCAP are iterative planning processes that will inform each other over time.
 - The outlooks used to support development of the 2017 LTEP aligned with the 2016-2020 Climate Change Action Plan's initiatives.
- Government planning processes will have different objectives, engage different stakeholders, and impact different sectors, and it is natural for them to follow different frequencies.
- Like the LTEP process, the regional electricity planning process is flexible, allowing regions to be evaluated earlier than five years if needs emerge. The regional planning process will continue to inform the LTEP process, and the LTEP will provide direction related to regional planning when required.

- 2. Comply with three year frequency:** The OEA recommends that language be added to the regulation that speaks to how compliance with the three year frequency requirement will be ensured.

Rationale for Ministry's Approach

- The LTEP process outlined in the *Electricity Act, 1998*, as well as the new Frequency Regulation ensures that the government will issue an LTEP in a timely manner.
- Adding additional compliance measures would impact the flexibility of the LTEP process.
 - For example, during the LTEP engagement process, Ontarians voiced their concerns that electricity prices have grown too quickly. The Ministry of Energy responded by developing and implementing the Ontario Fair Hydro Plan (OFHP).

- The government prioritized the OFHP ahead of developing the LTEP to quickly respond to the issues raised by Ontarians.
- This resulted in the 2017 LTEP being released later than originally anticipated, however, this example illustrates the need for the LTEP process to remain flexible.
- The Ministry of Energy will track the progress of LTEP implementation to ensure each LTEP is issued within the prescribed period.

s.8 Other Jurisdictions and Harmonization

- Quebec released its energy policy to 2030 in 2016, ten-years after its latest energy policy document “*Energy to Build the Quebec of Tomorrow*”.
- The latest British Columbia Energy Plan was released in 2007. In comparison, the proposed Frequency Regulation requires a regular review of Ontario’s LTEP to ensure it reflects current conditions in the energy sector.
- There will be no harmonization with other jurisdictions as an effect of the proposal.

s. 9 Communications

- The proposed Frequency Regulation is not expected to be contentious, given its administrative nature. A launch event, communications plan, and digital media strategy is not required.
- The 2013 LTEP stated that the plan will continue to be updated every three years. Stakeholders expect this frequency to continue. Including the timing in regulation will provide more certainty to stakeholders.
- If prompted, the key messages of the Frequency Regulation include:
 - The proposed regulation aligns with the Ministry of Energy’s commitment to ensuring energy plans and policies are up-to-date and reflective of current as well as emerging trends in the sector.
 - Specifying the period between long-term energy plans in regulation allows generators, distributors, transmitters, Indigenous

communities, and other energy sector stakeholders to better plan investments, projects, and initiatives.

- The proposed regulation is a complementary part of the government's enhanced long-term energy planning process, which balances the goals of cost-effectiveness, reliability, clean energy, community engagement, and an emphasis on conservation and demand management.

**s. 10 Contacts and
Appendices****Contacts**

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Appendices

Appendix A: Preliminary Regulatory Impact Assessment Form