

Delivering Fairness and Choice

2017 Long-Term Energy Plan

Minister's Message

[Placeholder]

Commented [LT1]: This needs to be reworked as the exec summary. We will provide Min Message later.

Response: Will wait for MO to provide Minister's Message, and keep as placeholder for now.

Executive Summary

[Placeholder]

Chapter 1. Ensuring Affordable and Accessible Energy

Making Energy Affordable

Ontario's electricity system is well positioned to meet any challenges and pursue any opportunities that may occur over the next 20 years. More than \$50 billion has been invested in the electricity system since 2003¹. These investments have provided several benefits, including restoring the reliability of our electricity system.

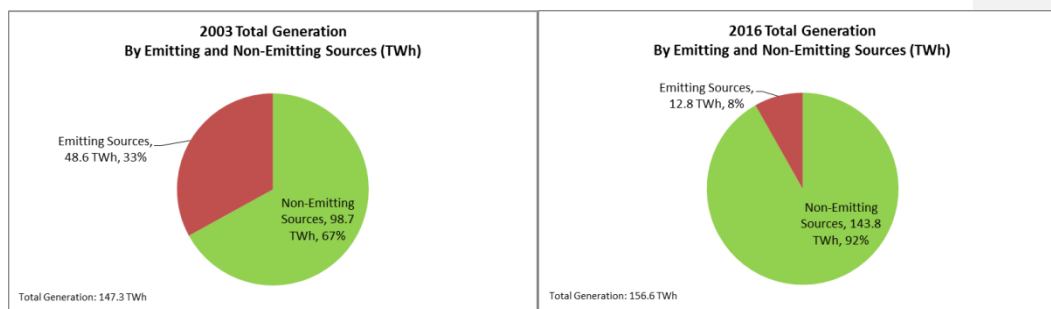
This is a significant change compared to 2003, when power from sources emitting greenhouse gases (GHG) made up one-third of the province's generation mix.²

Text Box: **What We Heard from You**

- *Electricity costs are too high*
- *High prices hurt industrial competitiveness*
- *Reduce rates by funding from tax base*
- *Consider new technologies and methods to manage energy use*
- *Promote the benefits of conservation for both customers and the system*
- *Delivery charges should be the same province-wide*
- *Expand access to natural gas*

Commented [AH(2)]: MO had asked that this say "How We've Heard You"

Response: The above wording makes it sound like we're listing the actions we've taken to respond to what we've heard. We've revised the title of the boxes to reflect that these summarize key things we heard from stakeholders during consultations.



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¹ Internal Ministry of Energy/Hydro One

² IESO, Power Data – Supply Overview - <http://www.ieso.ca/power-data/supply-overview>

³ IESO, Power Data – Supply Overview - <http://www.ieso.ca/power-data/supply-overview>
For 2016 data, total generation includes embedded generation of around 6.3 TWh

Today, Ontario's electricity sector accounts for two per cent of the province's total greenhouse gas emissions⁴. We now have a robust and clean supply of electricity that can be expected to meet Ontario's electricity demand well into the next decade.

The much-needed investments in our electricity system have led to higher electricity prices. As a result, Ontario's Fair Hydro Plan was developed to relieve the cost pressures caused by these system improvements. It builds on actions already taken over the past several years that reduced electricity costs for families, farms and businesses, including:

- deferring the construction of two new nuclear reactors at the Darlington Nuclear Generating Station, avoiding an estimated \$15 billion in new construction costs;⁵
- driving down the cost of renewable energy generation through annual reviews of Feed-In Tariff (FIT) pricing, revised procurement totals, and the introduction of competitive procurement for large renewable projects. This drove down the cost of renewable energy generation by at least \$3 billion⁶, compared to the forecast in the 2013 Long-Term Energy Plan (2013 LTEP).
- suspending the second round of the large renewable procurement process (LRP II) and the Energy-from-Waste Standard Offer Program. This is expected to save up to \$3.8 billion compared to the forecast in the 2013 LTEP⁷;
- renegotiating the Green Energy Investment Agreement with Samsung, reducing contract costs by \$3.7 billion⁸;
- starting the refurbishments at the Bruce Nuclear Generating Station in 2020, instead of 2016, helping to save \$1.7 billion compared to the forecast in the 2013 LTEP;⁹ and
- pending regulatory approvals, continuing to operate the Pickering Nuclear Generating Station up to 2024, for an estimated saving for ratepayers of as much as \$600 million¹⁰.

Ontario's Fair Hydro Plan

On June 1, 2017, the *Ontario Fair Hydro Plan Act, 2017* became law¹¹, providing additional help for electricity consumers. Ontario's Fair Hydro Plan:

⁴ IESO estimate based on National Inventory Report data

⁵ LTEP 2013, pg. 16, http://www.energy.gov.on.ca/en/files/2014/10/LTEP_2013_English_WEB.pdf

⁶ Figure based on the expected value of the FIT 4, FIT 5, FIT 6, microFIT and LRP I programs based on LTEP 2013 assumptions, less the total value of these renewable procurements based on actual prices and procured capacity. Calculation of this figure was undertaken by REFO – Renewables Policy Unit. Excel spreadsheet with calculations can be found at: <\\etcptovspifs003\ocsp\REFB\2017 Policy\Programs\FIT\LTEP 2013 Cost Analysis>

⁷ <https://news.ontario.ca/mei/en/2016/09/actions-to-reduce-energy-costs.html>

⁸ Ministry of Energy

⁹ Ontario Ministry of Energy news release,

¹¹ Ontario's Fair Hydro Act, 2017

- lowers electricity bills by 25 per cent for a typical residential consumer. As many as half a million small businesses and farms are also benefiting from the reduction;
- expands the Ontario Electricity Support Program (OESP) by increasing the on-bill credits by 50 per cent and making more Ontarians eligible for the program;¹²
- provides enhanced distribution rate protection for residential customers served by the local distribution companies (LDCs) that have some of the highest rates. This will let eligible customers save as much as 40 or 50 per cent on their electricity bills. The enhanced distribution rate protection broadens the support provided under the existing Rural or Remote Rate Protection (RRRP);
- reduces the monthly electricity bills for on-reserve First Nation residential customers of licensed distributors by giving the customers a 100 per cent credit on the delivery line or service charge of their bills. This provides them with an average monthly benefit of \$85;¹³
- shifts the funding of the Ontario Energy Support Plan (OESP) and most of the Rural and Remote Rate Protection (RRRP) program from electricity bills to provincial revenues. This will reduce the regulatory charges paid by all Ontario ratepayers;
- allows smaller manufacturers and greenhouses with average monthly peak demand greater than 500 kilowatts (kW) to participate in the Industrial Conservation Initiative (ICI). This gives them with a strong incentive to lower their consumption during peak hours and can reduce their bills by an average of one-third;
- includes the 8 per cent rebate that took effect on January 1, 2017, a reduction equal to the provincial portion of the Harmonized Sales Tax; and
- establishes an Affordability Fund that helps people who don't qualify for low-income conservation programs to make energy efficiency improvements to their homes, which otherwise couldn't be done without financial assistance.

Additional Details on Ontario's Fair Hydro Plan

Ontario Electricity Support Program

In order to benefit more low-income Ontarians and provide them with additional support, Ontario has expanded the eligibility criteria for the OESP and increased the monthly credits by 50 per cent¹⁴. This means that:

Commented [LT3]: [Add sample bills](#)

Response: Recommend not including a bill in the LTEP.

¹² OESP 50 per cent increase and expanded eligibility taken from [OEB Decision & Order for OESP Credits \(April 25, 2017\)](#) and amounts prescribed in s. 5(2) and Schedule 1 in O. Reg. 314/15 (OESP) of *Ontario Energy Board Act, 1998* (OEBA). The amendments were approved by Cabinet on April 26, 2017.

¹³ Average benefit taken from [OEB report on First Nation Rate](#)

¹⁴ OESP 50 per cent increase and expanded eligibility taken from [OEB Decision & Order for OESP Credits \(April 25, 2017\)](#) and amounts prescribed in s. 5(2) and Schedule 1 in O. Reg. 314/15 (OESP) of *Ontario Energy Board Act, 1998* (OEBA). The amendments were approved by Cabinet on April 26, 2017.

- a single customer earning under \$28,000 can now receive \$45 per month¹⁵, up from \$30;
- a family of four with a combined earning under \$48,000 can now receive \$40 per month; and¹⁶
- seven or more people living together who earn a total of \$39,000 or less can receive \$75 per month¹⁷, up from \$50.

Electricity customers are eligible if they meet the household size and income requirements for the program. The basic credits amounts are [below / in Table X].

Table X: Ontario Electricity Support Program (OESP) Monthly Credit Amounts by Household Income Level							
Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$45	\$45	\$51	\$57	\$63	\$75	\$75
\$28,001 - \$39,000		\$40	\$45	\$51	\$57	\$63	\$75
\$39,001 - \$48,000			\$35	\$40	\$45	\$51	\$57
\$48,001 - \$52,000					\$35	\$40	\$45

If a customer is eligible, uses electric heat as the primary heating source, has certain electrically intensive medical devices, or is Indigenous or lives with Indigenous family members, the OESP provides an enhanced credit (Table Y).

Table Y: Proposed Ontario Electricity Support Program (OESP) Monthly Credit Amounts by Household Income Level – Energy Intensive							
Household Income (After Tax)	Household Size (Number of people living in household)						
	1	2	3	4	5	6	7+
\$28,000 or less	\$68	\$68	\$75	\$83	\$90	\$113	\$113
\$28,001 - \$39,000		\$60	\$68	\$75	\$83	\$90	\$113
\$39,001 - \$48,000			\$52	\$60	\$68	\$75	\$83
\$48,001 - \$52,000					\$52	\$60	\$68

Ontario is also working to improve co-ordination across provincial programs that provide support to low-income Ontarians. Synchronizing the OESP with other social assistance

¹⁵ Amount prescribed in section s. 5(2)(c) in O. Reg. 314/15 (OESP) of OEBA

<https://www.ontario.ca/laws/regulation/150314>

¹⁶ Amount prescribed in sectionsssectionsectionsection s. 5(2)(b) in O. Reg. 314/15 (OESP) of OEBA

<https://www.ontario.ca/laws/regulation/150314>

¹⁷ Amount prescribed in sectionsssectionsectionsection s. 5(2)(i) in O. Reg. 314/15 (OESP) of OEBA.

<https://www.ontario.ca/laws/regulation/150314>

programs will help get more vulnerable consumers into the program so they can receive the support they need on electricity bills.

Distribution Rate Protection

The Rural or Remote Rate Protection program subsidizes the distribution rates paid by rural and remote customers who face higher distribution costs compared to less rural areas.

Ontario has expanded this rate protection to provide distribution rate relief to residential customers served by LDCs with some of the highest rates. About 800,000¹⁸ customers will now benefit from the enhanced distribution rate protection.

LDCs whose customers are benefiting from the enhanced distribution rate protection include: Hydro One (medium- and low-density rate classes), Northern Ontario Wires, Lakeland Power (Parry Sound service territory), Chapleau, Sioux Lookout, InnPower, Atikokan and Algoma. The level of benefits differs from utility to utility.

On-reserve Credit

The First Nations Delivery Credit benefits up to 21,500 residential customers¹⁹ living on reserves. The costs are being funded by provincial revenues.

The credit provides much needed relief to First Nation on-reserve communities from the high costs of electricity and encourages their socio-economic well-being. This is an important step towards reconciliation and the strengthening of Ontario's relationship with First Nations.

Text Box:

"The elimination of the delivery charge will assist our citizens by reducing energy poverty in our communities. It also represents recognition for the use of the land in the development and expansion of the provincial energy grid. Poverty, lack of opportunity and choosing to pay for electricity over food is a reality that affects our people. Today's commitment by the Ontario government is commendable and allows a path forward for greater quality of life for First Nations in Ontario."

Ontario Regional Chief Isadore Day (Date?)

Industrial Conservation Initiative

¹⁸ Estimated from Hydro One R1 and R2 customers benefiting from DRP, plus eligible customers from 7 smaller LDCs.

¹⁹ Number of customers taken from [QEB report on First Nation Rate](#)

Commented [LT4]: Mention Political Accord

Response: We speak to this in detail in chapter 7.

The Industrial Conservation Initiative provides incentives to large electricity consumers to reduce their consumption during peak hours and lower their electricity costs. This also benefits the electricity system by deferring the longer-term need for new peaking generation.

To give more businesses the opportunity to participate in the ICI, Ontario has lowered the threshold for entry and increased the number of companies that can benefit. As of July 1, 2017, all customers with an average monthly peak demand of greater than one megawatt (MW) are eligible for the program. In addition, small manufacturing companies and greenhouses with average monthly peak demand greater than 500 kW and one MW or less are also eligible.²⁰

Affordability Fund

The Affordability Fund helps those Ontarians not eligible for low-income conservation programs and who have a need for financial assistance to improve the energy efficiency of their homes. The fund is expected to pay for the installation of household improvements such as energy-saving LED light bulbs, power bars, better insulation, and energy efficient window air conditioners and refrigerators.

The Affordability Fund is administered by an independent trust that distributes funds to the electricity distributors that apply. Distributors, working with community partners are in the best position to provide energy efficiency improvements to consumers in need of assistance.

Refinancing the Global Adjustment to Ensure Intergenerational Fairness

Ontario's Fair Hydro Plan helps consumers by refinancing a portion of the Global Adjustment (GA). The GA pays costs associated with contracted generation and conservation and demand management programs in Ontario.

The majority of the province's electricity generators have 20-year contracts, but many facilities are expected to operate beyond the life of those contracts and provide additional benefits for Ontarians in the future. Similarly, the savings resulting from conservation programs paid for by the GA will persist on average for about 15 years²¹. Present-day consumers should not be burdened with paying a disproportionate share of investments that will provide benefits for decades to come. To relieve the burden on today's ratepayers and share costs more fairly with future generations, a portion of the GA is being refinanced to spread the cost of electricity investments over a longer period of time. This refinancing, which reflects the expected longer life cycle of existing facilities, will provide significant and immediate rate relief and help ensure intergenerational fairness.

Expanding the Low-Income Conservation Program

²⁰ Ontario Regulation 429/04

²¹ IESO email to Ministry, August 18, 2017

Commented [LT5]: Use example from Min tour(s) / new users.

Response: Ministry is unable confirm any new participants in the program. IESO is expected to provide a list of participants by late August, could be included in a later iteration.

MO Response: BWXT is an example.

Response: There are no news releases/information confirming that they are participating in ICI. We should receive confirmation from IESO on program participation by the end of the month.

Placeholder language is ready to include once/if BWXT is confirmed as a participant.

To enhance and improve the availability of conservation programs helping low-income customers, in August 2017 the Province directed the Independent Electricity System Operator (IESO) to centrally design, fund and deliver a conservation program for low-income customers beginning January 1, 2018.. The program, beginning in January 2018, is expected to increase the benefits and access to the existing Save on Energy Home Assistance Program. LDCs may continue to deliver their own program if they demonstrate a commitment to serve the low-income customer sector, as determined by the IESO.

Existing Help for Families and Individuals

The measures included in Ontario's Fair Hydro Plan build on existing programs that Ontario families and individuals can use to pay their electricity bills. This assistance includes:

- the Ontario Energy and Property Tax Credit, for low- to moderate-income individuals;
- low-income Energy Assistance Programs, for emergency situations;
- the Save on Energy Home Assistance Program, that provides free home energy efficiency assessments and upgrades to low-income consumers; and
- the Northern Ontario Energy Credit, for low- to middle-income families and individuals living in Northern Ontario.

Existing Help for Businesses and Industry

There are a number of measures already in place to lower electricity prices for industries, business and commercial operations and institutions. These measures include:

- the Industrial Accelerator Program, which assists eligible companies and their distribution-connected sites to fast-track the capital investment needed for major energy conservation projects;
- the Save on Energy for Business programs, which provide financial incentives that help distribution-connected businesses to reduce their electricity use and manage costs through energy audits, retrofits and process and system improvements; and
- the Northern Industrial Electricity Rate Program, which provides rate rebates to northern energy intensive industries facing competitiveness pressures due to higher energy costs and assists industrial consumers in developing and implementing energy management plans to manage their usage and reduce costs.

In addition to these measures, we are looking for new ways to provide electricity rate assistance to mid-sized electricity consumers that are too large for the OEB's RPP and too small for the ICI program. For example, the Ontario Energy Board (OEB) is considering changes to the way the GA is charged to these mid-sized consumers, also known as non-RPP Class B consumers. For these consumers, the GA is a fixed monthly charge that is the same regardless

of the time that they consume electricity. A GA charge that varies with the time of use could lower prices for some Class B consumers, while incenting more efficient consumption patterns

We will continue to explore innovative ways to provide assistance to these mid-sized consumers, while always striving to increase system efficiency.

The Province will continue to engage with businesses to explore options that provide them with support for electricity costs and meet communities' priorities for economic development.

Electricity Price Forecast

[Placeholder for residential and industrial price curves with the impact of OFHP included].

Increasing Consumer Protection

On January 1, 2017, new provisions of the *Energy Consumer Protection Act, 2010*, came into force that protect Ontario consumers from fraudulent claims and high-pressure sales tactics by restricting the door-to-door sale of energy contracts. Additionally, in February 2017, the *Protecting Vulnerable Energy Consumers, Act, 2017* gave the Ontario Energy Board (OEB) the authority to prohibit disconnections during certain periods of time, such as winter. The Province will now turn its attention to protecting those consumers who live in condominiums and other multi-unit residential buildings and are served by unit sub-meter providers (USMPs).

USMPs are private companies that meter and send bills directly to the residents of the individual units in multi-unit residential buildings for the electricity they consume. The OEB currently licenses 28 USMPs, who provide services to 2,500 buildings with 326,000 individual units metered.²² The residential customers inherit the pricing arrangements; costs are set by the owner or developer of the building or by the condominium board.

Consumers have told both the Province and the OEB that they would like to know more about how these decisions are made and what they are being asked to pay for. That is why the Province will enable the OEB to increase its oversight of sub-metering companies and bring in new consumer protection measures.

Improving consumer protection and taking a more stringent approach to regulation would give the OEB more insight into how these sub-metering companies determine their costs and set their rates and how they set up their contractual agreements with developers.

Consumers living in condominiums and other multi-unit residential buildings will benefit from having the same protections as LDC customers, including:

- clarity about what goes into the prices they are charged;

²² Ontario Energy Board Briefing for Minister of Energy on USMPs June 27, 2017

- protection from winter disconnections; and
- the ability to appeal unfair practices to the OEB.

The OEB has made it a priority to complete a review of these issues.

Natural Gas Expansion

Ontario wants to expand access to natural gas to give customers greater choice in their energy supply and to aid the economic development of their communities. To do this, the Province launched a new \$100 million Natural Gas Grant Program in April 2017, administered by the Ministry of Infrastructure.²³ It supports both the expansion of natural gas pipelines and the construction of new infrastructure for liquefied or compressed natural gas. The average consumer could save an estimated \$1,100 a year²⁴ under this program by switching from heating with oil to using natural gas.

A new regulatory framework issued by the OEB in November 2016²⁵ makes natural gas expansion more economically feasible for unserved communities by giving utilities more flexibility in how they structure their rates. The framework also encourages multiple utilities to use rate competition when applying to the OEB to serve these communities. On August 10, 2017, the OEB released its first decision approving an expansion of natural gas service to several communities under the new framework.²⁶ Natural gas is one of several different energy options that provide greater consumer choice and can help to reduce overall energy costs.

Summary

- Ontario's Fair Hydro Plan lowers electricity bills by 25 per cent for a typical residential consumer. As many as half a million small businesses and farms are also benefiting from the reduction. Ontario's Fair Hydro Plan builds on previous actions that reduced electricity costs for families, farms and businesses.
- Ontario will share the costs of existing electricity investments more fairly with future generations by refinancing a portion of the Global Adjustment, spreading the cost of the investments over a longer period of time.
- Residential and industrial electricity prices over the outlook period are forecast to remain below the level forecast in the 2013 Long-Term Energy Plan.
- Ontario will enhance consumer protection by giving the Ontario Energy Board increased regulatory authority over unit sub-meter providers.

Commented [AH(6)]: MO Edit: Can we add a reference to OEB's approval of Milverton, etc. expansion project in August 2017.

Response: We have not included the names of specific communities as some were approved unconditionally, while others were approved conditional on receiving grants (still pending), and one community had its decision deferred.

Commented [CD(7)]: Pending confirmation in final modelling

²³ News Release: Expanding Natural Gas to More Communities Across Ontario, Ministry of Infrastructure, January 30, 2017 and <http://www.infrastructureontario.ca/NGGP/>

²⁴ News Release: Expanding Natural Gas to More Communities Across Ontario, Ministry of Infrastructure, January 30, 2017

²⁵ OEB Decision EB-2016-004, Generic Proceeding on Community Expansion (Natural Gas), November 17, 2016

²⁶ OEB Decision EB-2015-0179, Union Gas Community Expansion Application

- Ontario will continue to support expanded access to natural gas, giving customers greater choice and aiding in the economic development of their communities.
- Residential customers served by local distribution companies with some of the highest rates are getting enhanced distribution rate protection. This will save eligible customers as much as 40 or 50 per cent on their electricity bills.
- The First Nations Delivery Credit reduces the monthly electricity bills of on-reserve First Nation residential customers of licensed distributors.

Chapter 2. Ensuring a Flexible Energy System

Ontario has made significant progress in rebuilding its electricity system. Of the \$50 billion invested in Ontario's electricity system since 2003, over \$35 billion has been focussed on ensuring Ontario's households and businesses have a clean and reliable supply of electricity.²⁷ This is in addition to the much-needed upgrades the Province made to its transmission and distribution systems. Ontario now has an electricity system that is well-positioned to pursue emerging opportunities and meet future challenges, including the fight against climate change.

Text Box: What We Heard from You

- *Consider costs first when deciding on supply*
- *Use a technology-neutral competitive process to acquire electricity supply*
- *Optimise use of our existing energy facilities and infrastructure, including nuclear*
- *Acquire more power from neighboring jurisdictions*
- *Both support and concerns expressed about nuclear and renewables*
- *Storage can solve problems*

Ontario's electricity system provides the province with a firm base on which to take further steps to fight climate change. Currently, the province's fuels sector supplies most of the energy needed for our transportation, heating and manufacturing. Our clean and reliable electricity system can provide us with enough energy to electrify further sectors of the economy and reduce greenhouse gas emissions. The province's existing network of pipelines and retail outlets can also be used to deliver future alternative fuels, such as renewable natural gas.

The Need for Flexibility

²⁷ <https://news.ontario.ca/mei/en/2016/10/ontario-passes-legislation-to-reduce-electricity-costs-for-families-and-businesses.html>Ministry

Ontario is moving towards a new market-based approach that will ensure the province can reduce the costs of the electricity supply it needs and have the flexibility the electricity system requires to meet future challenges, such as shifting to a lower-carbon economy. While the current electricity market structure and mechanisms have kept the lights on in Ontario, it is time to adjust them to keep pace with our evolving supply mix. Ontario is moving away from relying on long-term contracts **to ensure** it has a sufficient supply of electricity. The more competitive, market-based approaches that we are **considering** can provide a cost-effective supply of electricity and the flexibility to react quickly to changing needs. System operators in New England, New York and the Pennsylvania-New Jersey-Maryland Interconnection have successfully implemented this type of approach.

Our current robust supply provides us with the ideal conditions to take the time that is necessary to explore new approaches to procuring electricity generation and capacity and implement them efficiently. These approaches will need to have flexibility built into all facets of their design to ensure that Ontario is well positioned to accommodate and benefit from emerging energy technologies, while also ensuring that system needs are met at the lowest cost to ratepayers.

To meet our long-term needs, the Independent Electricity System Operator (IESO) has begun a Market Renewal initiative to redesign the province's electricity markets. This undertaking is expected to save up to \$5.2 billion between 2021 and 2030²⁸ and forms a key component of Ontario's plan to bring down the cost of electricity. The IESO is developing an incremental capacity auction that will increasingly, over time, use competition to secure the resources we need, regardless of the technology. This process would be used to secure the incremental capacity required to meet Ontario's forecasted demand and resource adequacy requirements, in addition to the already contracted resources. Generators, demand response providers and importers could all participate in the auction, with the most cost-effective resources winning out. **The incremental capacity auction will incorporate flexibility, reliability and ancillary services into its design. This will help lead to a system of transparent revenue streams for needed services, and together will ensure that all resources can compete on a level playing field.**

Market Renewal is expected to ultimately result in a more competitive marketplace that efficiently meets system needs **and government policy goals**. Market Renewal will be aligned with the objectives of Ontario's Climate Change Action Plan, and related initiatives will be designed to both reduce GHG emissions and ratepayer costs. It can offer flexibility under various demand outlook scenarios, from higher demand scenarios due to increased electrification of our economy to lower demand scenarios as a result of increased distributed energy resources. Market Renewal will help Ontario prepare for the future by creating a framework to cost-effectively incorporate **clean energy resources** and new and emerging **clean technologies** **by properly valuing their environmental attributes in addition the benefits that they provide to the system. At the same time, existing resources will also be able to continue to**

Commented [AH(8)]: Comment: Ensure market renewal language addresses PO concerns, to the extent we are comfortable.

Response: Comments from PO re: market renewal and cap and trade combining together to help reduce GHG emissions is addressed in more detail in chapter 6 as well. Page 67.

Commented [CRED9]: Added to cover potential for conservation, demand response, clean imports and renewables (existing and new build) to participate in future markets and contribute to Ontario's climate change goals.

²⁸ Brattle Group, prepared for the IESO, A Benefits Case Assessment of the Market Renewal Project (2017)

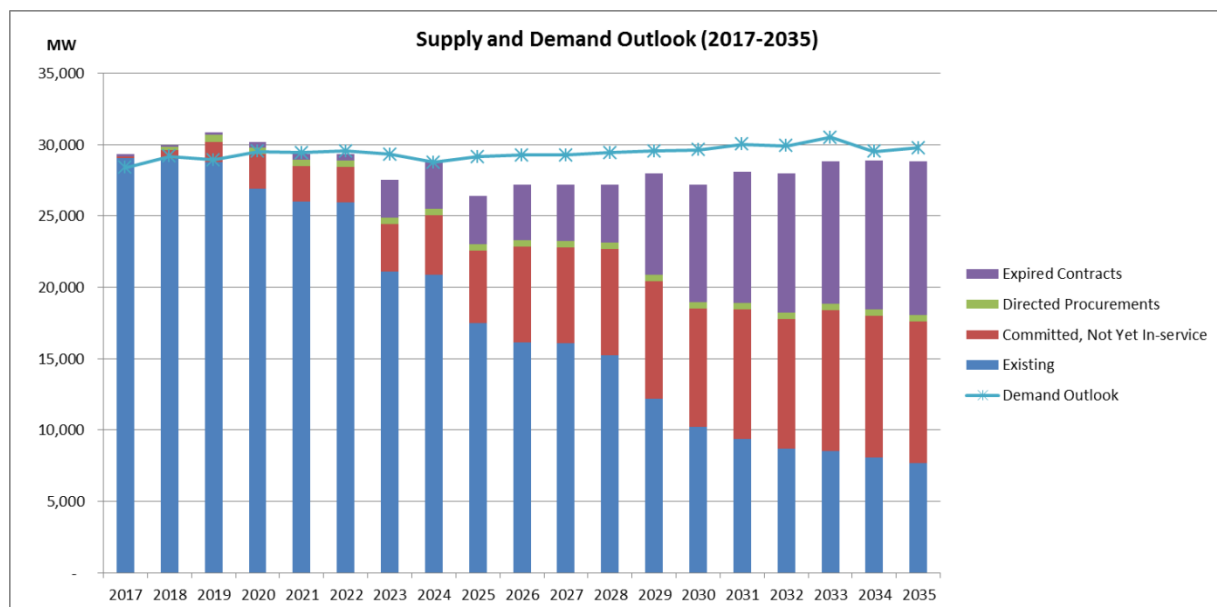
meet system needs in the redesigned electricity markets – maximizing these assets will allow us to limit future cost increases.

A reformed electricity market would not only help reduce costs, but also increase two-way electricity trade with other jurisdictions. Imports and exports could be scheduled more frequently on the interties, which are the transmission lines going to states and other provinces. This could allow more imports of lower-cost generation, and provide greater revenue and access to export markets for Ontario generators.

The IESO is working closely with partners in the electricity sector to develop high-level designs and a plan for bringing in the significant changes that will become the foundation of Market Renewal. The plan will set out the specific changes to be implemented and the timelines for completing the work. This will allow the IESO and its partners to address the known challenges of our existing markets while laying a solid foundation for a more competitive and flexible energy market that can meet future needs.

Electricity: Supply and Demand

While there is currently a robust supply of electricity, a shortfall in capacity is expected when existing contracts begin to expire and the Pickering Nuclear Generating Station reaches its end of life in the early 2020s.



This capacity requirement would be met through the IESO's proposed incremental capacity auction. The auction, together with a robust energy market, would allow existing and new clean generation facilities to compete with clean imports, conservation and other demand-side initiatives. In addition, the continued growth of distribution-connected wind and solar power is also expected to reduce local demand and the need for grid-supplied electricity.

Demand is forecast to be relatively steady over the 20-year planning period of *Delivering Fairness and Choice*. In the long-term, the IESO projects an increase in overall demand as electrification of the economy increases. The potential for electrification exists in nearly every part of society. In particular, there is a great potential for electrification in the transportation sector, where it would be an economical and clean alternative to fossil-fuel powered engines. The IESO's outlook assumes that there will be approximately 2.4 million electric vehicles on the road by 2035, up from about 9,000 electric vehicles in Ontario at the end of 2016.²⁹

Transmission Forecast

The IESO's outlook for demand indicates there will be no need for any major expansion of the province's transmission system beyond the projects already planned or under development. [TBD: IESO to input transmission outlook]³⁰. See figure x on page x for some of the major projects planned or underway on the high-voltage transmission system.

The Province will direct the IESO to establish a formal process for planning the future of the integrated province-wide bulk system, which includes the high voltage system that typically carries 230 and 500 kilovolts in Ontario. As part of the process, the IESO will consult with its partners and communities around the province.

Major Province-Wide Transmission Projects Under Development ³¹

²⁹ IESO, Ontario Planning Outlook; FleetCarma

³⁰ TBD based on IESO modelling

Hawthorne to Merivale

IESO, Ontario- Quebec Interconnection Capability: A Technical Review, page 19, <http://www.ieso.ca/-/media/files/ieso/document-library/power-data/supply/intertiereport-20170508.pdf?la=en> ; and Hydro One's 2017/18 transmission rate application, Exhibit B1, Tab 3, Schedule 3, pages 7 and 10 of 35, http://www.hydroone.com/RegulatoryAffairs/EB20160160/HONI_Tx_Appl_Ex_B1_20160531.pdf

Clarington Transformer Station

<http://www.hydroone.com/Projects/Clarington/Pages/default.aspx>;

<http://www.hydroone.com/Projects/Clarington/Pages/Timeline.aspx>;

GTA West Bulk Reinforcement

<http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-report.pdf?la=en>; <http://www.ieso.ca/get-involved/regional-planning/gta-and-central-ontario/gta-west>

Lake Erie Connector

<http://www.itclakeerieconnector.com/>

Commented [AH(10)]: Anticipating IESO feedback via next round of comments.



Text Boxes:

Northwest Bulk Transmission Line

The Northwest Bulk line is needed to support growth and maintain a reliable electricity supply to areas west of Atikokan and north of Dryden. The project will proceed in phases:

- Phase One is a line from Thunder Bay to Atikokan and should come into service as soon as is practical, and no later than 2024.
- Phase Two will be a line from Atikokan to Dryden and should come into service by 2034 unless IESO's outlook on the demand forecast suggests an earlier date.

Commented [AH(11)]: This is the text that used to be overlaid on the map above.

- *Phase Three will be a line from Dryden to the Manitoba border that could be needed post-2035 (or earlier if recommended by the IESO) to accommodate better integration of provincial electricity grids.*

Development work for the first two phases will proceed at the same time.

East-West Tie Transmission Line

The East-West Tie Line will provide a long-term, reliable supply of electricity to meet the growth in demand and changes to the supply mix in Northwest Ontario.

As the project has moved through development, estimates on its total cost have increased. This is a concern, as Ontario is focussed on making the electricity system more cost-effective. The Province will review all options to ensure that the project is built for a cost that is fair to Ontario ratepayers.

Hawthorne to Merivale

The 230 kV circuits between Hawthorne and Merivale transformer stations require upgrades to their capability so that Ontario can optimize the use of its interties with Québec. This project is being developed by Hydro One and is expected to be in service in 2020.

GTA West Bulk Reinforcement

Growth in demand, the eventual retirement of the Pickering Nuclear Generating Station and new renewable generation across Ontario are all adding stress to the bulk transmission system in the western section of the Greater Toronto Area. The IESO is considering solutions to the region's needs. New transmission facilities on existing rights of way and/or transformer station may be required.

Clarington Transformer Stations

To meet the needs of the growing eastern GTA and prepare for the eventual retirement of Pickering Nuclear Generating Station, Hydro One is building the Clarington Transformer Station in the Municipality of Clarington. Hydro One expects to bring the station into service in 2018.

Lake Erie Connector

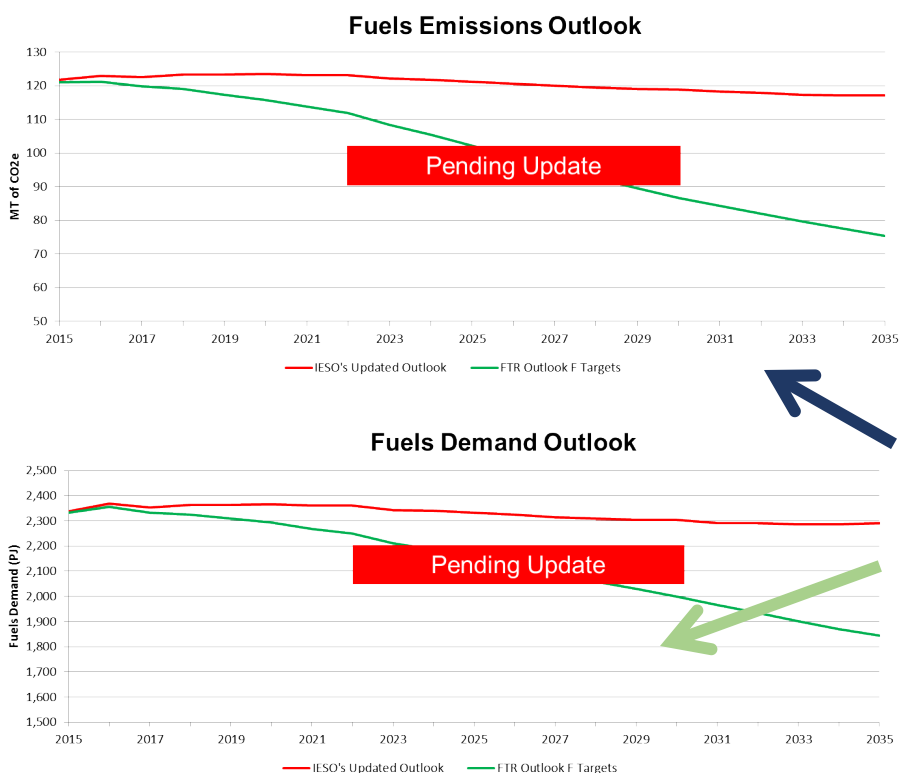
ITC Lake Erie Connector LLC is proposing to build a 1,000 MW High Voltage Direct Current transmission cable under Lake Erie, running from Nanticoke, Ontario to Erie County, Pennsylvania. The two-way line would provide the first direct link between the Ontario electricity markets and the markets in 13 states in the Eastern U.S. Generators and electricity traders who would transmit electricity over the line would pay the entire cost of the project. Ontario ratepayers will pay none of the costs of building, operating or maintaining the line.

Fuels: Supply and Demand

Delivering Fairness and Choice is not forecasting any issues with the supply of liquid fuels or natural gas and anticipates the industry will continue to reinvest and maintain its facilities in Ontario. While the existing infrastructure is likely to be sufficient for fossil fuels, new investments in processing and delivery may be required to handle increases in the use of alternative fuels such as ethanol, renewable natural gas, biodiesel and other biofuels.

[Placeholder pending further analysis/modelling]

Over the next 20 years, the electrification of vehicles, enhanced conservation and switching to lower-carbon fuels will transform the fuels sector. As a result, both the demand for fuels and emissions from the sector are expected to decline.



[placeholder for chart showing expired capacity over next 20 years]

The Influence of the Carbon Market

On January 1, 2017, Ontario implemented a cap and trade program.³² Cap and trade will increase the cost of fossil fuels, but also influence how Ontario plans the province's energy supply and achieves cost-effective reductions in greenhouse gas (GHG) emissions.

³² <https://www.ontario.ca/page/cap-and-trade>

Fossil-fuelled generators now **must account for** the GHG emissions they produce when burning fossil fuels to generate electricity. This carbon cost accounts for part of the price of the electricity they offer into the wholesale market, **which** increases the relative competitiveness of non-emitting electricity generation and clean energy imports from neighbouring jurisdictions.

Consumers pay more for fossil fuels such as natural gas, gasoline, diesel and propane because of cap and trade. The Ontario Energy Board (OEB) has to approve the costs that regulated natural gas utilities incur when they comply with cap and trade, including the cost of acquiring emission allowances. These costs are then folded into the rates charged to their customers. Natural gas utilities that are not regulated by the OEB and large facilities that must independently comply with cap and trade will decide on their own how to **manage** their compliance costs.

Suppliers of other fuels in Ontario, such as gasoline, diesel and propane, operate in a competitive market. They are responsible for complying with cap and trade regulations and are expected to pass through their compliance costs to retail consumers.

Maximizing Existing Assets

Delivering Fairness and Choice aims to limit any future cost increases for electricity consumers by maximizing the use of the province's existing energy assets. Ontario can do this because many of the electricity generation facilities that have been built in the last decade and a half will be able to generate power beyond their planned contract life.

Renewable Energy

Contracts for over 4,800 megawatts (MW) of wind energy, 2,100 MW of solar energy, and 1,200 MW of hydroelectric generation will expire between 2026 and 2035, with most expiring after 2030³³. While wind and solar contracts are for 20 years, and hydroelectric contracts for 40 years, wind turbines and photovoltaic panels are often able to still generate electricity after their contracts expire and we know from experience that hydroelectric facilities can operate for as long as a century.

Market Renewal will bring about a more competitive marketplace that will **consider mechanisms to enable investment in existing and new renewable energy resources, as part of Ontario's support for its climate change goals**. Due to the substantial decline in the cost of renewable technologies over the last decade³⁴, particularly in wind and solar, renewables are becoming increasingly competitive with conventional energy sources and will continue to play a key role in helping Ontario meet its climate change goals.

³³ Source Needed

³⁴ Ontario Planning Outlook (Pg. 13) reports solar PV module prices have declined by 70-80 per cent over the last decade.

Wind and Solar

In many cases, new or more efficient technology can be added to upgrade these wind and solar energy facilities so they continue operating, or increase their output and provide additional system benefits.

Waterpower

There is an opportunity to get more from existing waterpower assets, including minimizing water spill and increasing operational flexibility. Older hydroelectric projects can be redesigned to improve performance by using new, more efficient turbines. With the growing need for flexibility in our electricity system, Ontario's pumped storage potential could also play an important role in meeting system requirements.

Natural Gas

The natural gas generating stations that produce electricity in Ontario can respond quickly to match any changes in demand. These generators can be relied upon to meet our needs during the province's highest demand periods, including hot summer days and cold winter nights. Natural gas can also be used to ensure the reliability of the power supply when other generators are unavailable or require maintenance.

Most of Ontario's natural gas turbines are expected to operate beyond the life of their contracts³⁵. This will be important over the coming decade during ongoing nuclear refurbishments and with the retirement of the Pickering Nuclear Generating Station in 2024. In the early 2020s, it is forecasted that there will no longer be enough contracted and rate regulated facilities to meet reliability requirements³⁶.

Many of the existing generation contracts will expire over the same time frame. These natural gas facilities could continue to be available during times of peak demand by participating in the incremental capacity auctions being considered under Market Renewal.

Refurbishing Nuclear

The most cost-effective option for producing the required baseload generation while producing no GHG emissions³⁷ is to refurbish Ontario's nuclear generating stations. Ontario is moving forward with the plans laid out in the 2013 LTEP to refurbish a total of ten nuclear units between 2016 and 2033 – four units at Darlington and six units at Bruce.

Commented [CQ12]: Referring only to "software and hardware" may be too narrow, suggesting that only IT updates are covered.

"More efficient technology" can incorporate a broad range of options – new types of equipment, new materials, as well as software upgrades, or enhanced operational practices.

Commented [CQ13]: These are quite specific - does MO have a source for this?

Commented [CQ14]: Suggest rearranging to discuss existing waterpower assets first, then discuss pumped storage.

Commented [CQ15]: Is the intent here to refer to existing pumped storage (e.g. at Niagara Falls), or to refer to potential future standalone pumped storage projects (e.g. Marmora)?

Commented [AH(16): MO Edit: Add paragraph talking about labour's contribution to this process – list groups and reference agreement. Add box/photo talking about LiUNA workers

Response: To be addressed in next turn, research underway. See new placeholder section below on page 27.

³⁵ IESO/Navigant (TBC)

³⁶ IESO

³⁷ LTEP 2013, pg. 29, http://www.energy.gov.on.ca/en/files/2014/10/LTEP_2013_English_WEB.pdf
Source Needed

The Darlington Nuclear Generating Station, in the Municipality of Clarington, and the Bruce Nuclear Generating Station, in the Municipality of Kincardine are two of the world's best-performing nuclear power plants. Together, Darlington and Bruce provide around 50 per cent of Ontario's electricity needs.

Refurbishing these ten units will secure over 9,800 MW of affordable, reliable and emission-free generation capacity for the long-term benefit of Ontario.³⁸ It will also support the 180 companies and 60,000 jobs that make up the province's globally recognized nuclear supply chain.³⁹

Ontario Power Generation (OPG) is taking a phased approach to refurbishing the Darlington Nuclear Generating Station. This approach benefits from the lessons learned during previous refurbishment projects, which highlighted the need for in-depth planning and preparation prior to starting the work.

In November 2015, OPG's Board of Directors approved a total estimated cost of \$12.8 billion for refurbishing all four Darlington units.⁴⁰ This includes all spending to-date, interest and inflation and is \$1.2 billion lower than OPG's original estimate in 2009.⁴¹

In January 2016, Ontario gave OPG approval to proceed with refurbishing Unit 2, the first of the Darlington units. On April 13, 2017, OPG announced it had successfully completed the first of four major elements of the Unit 2 refurbishment and isolated the unit from the rest of the Darlington plant. OPG has now moved on to the next phase of work and is on track to complete the entire project on budget and on schedule.⁴²

³⁸ Ontario Ministry of Energy news releases for Darlington and Bruce refurbishments, <https://news.ontario.ca/mei/en/2016/01/ontario-moving-forward-with-nuclear-refurbishment-at-darlington-and-pursuing-continued-operations-at.html>, <https://news.ontario.ca/mei/en/2015/12/ontario-commits-to-future-in-nuclear-energy.html> Source Needed

³⁹ Power Workers Union website, <http://www.pwu.ca/news/opinion-editorials/post/ontario-delivers-good-news#.WX9vvpLytQI> Source Needed

⁴⁰ OPG 4th Quarter-2015 financial results, pg. 21, <http://www.opg.com/about/finance/Documents/160304CombinedNewsReleaseMDAOPGQ42015FINAL.pdf> Source Needed

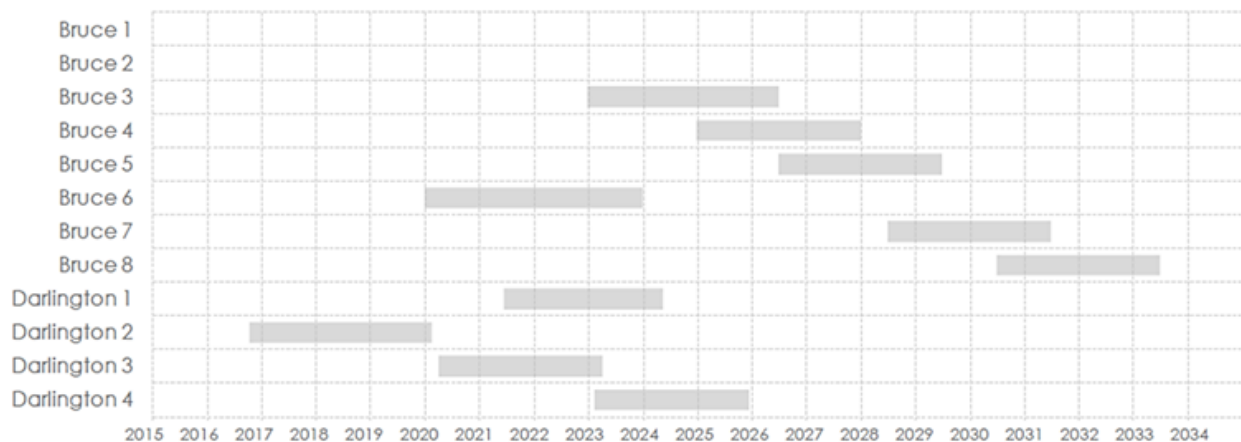
⁴¹ Ontario Ministry of Energy news release, <https://news.ontario.ca/mei/en/2016/01/ontario-moving-forward-with-nuclear-refurbishment-at-darlington-and-pursuing-continued-operations-at.html> Source Needed

⁴² OPG news release, http://www.opg.com/news-and-media/news-releases/Documents/20170413_RefurbMajorMilestone.pdf

The refurbishment and continued operation of Darlington will contribute a total of \$90 billion to Ontario’s gross domestic product and increase employment by an average of 14,200 jobs annually.⁴³

On December 3, 2015, the IESO updated its contract with Bruce Power for the refurbishment of six nuclear units at the Bruce Nuclear Generating Station. Bruce Power plans to invest approximately \$13 billion of its own funds in the project.⁴⁴ Ontario further optimized the schedule for refurbishment in order to get the most value out of the existing nuclear units. The new schedule will see construction start in 2020, instead of the start date of 2016 that was previously estimated. This updated agreement saved \$1.7 billion for electricity customers, compared to the forecast in the 2013 LTEP.⁴⁵

Updated Nuclear Refurbishment Schedule



Text Box

Bruce Power and OPG Collaboration

As operators of Ontario’s nuclear fleet, OPG and Bruce Power have a long-standing relationship, sharing best practices and information with one another on a regular basis.

On November 12, 2015, Bruce Power and OPG signed a Memorandum of Understanding (MOU) – facilitated by the Ministry of Energy – to formalize the collaboration between the two companies on nuclear refurbishment and power plant operation.

⁴³ October 2016 economic impact study by Conference Board of Canada, pg. 12-13,

http://www.opg.com/darlington-refurbishment/Documents/CBOC-DarlingtonContinuedOps_ImpactAnalysis.pdf

⁴⁴ Ontario Ministry of Energy news release, <https://news.ontario.ca/mei/en/2015/12/ontario-commits-to-future-in-nuclear-energy.html>

⁴⁵ Ontario Ministry of Energy news release, <https://news.ontario.ca/mei/en/2015/12/ontario-commits-to-future-in-nuclear-energy.html>

The MOU addressed a key objective of the 2013 LTEP that the two companies work together to identify efficiencies and innovation that lower costs for ratepayers, share lessons learned on refurbishments and leverage economies of scale to ensure Ontario's refurbishments remain on time and on budget.

Bruce Power is currently undertaking a number of activities as part of the revised contract, including:

- implementing an asset management program to optimize the life of the Bruce units before and after refurbishment;
- developing a final cost estimate for refurbishing the first unit, Unit 6; and
- executing contracts with suppliers, including BWXT Canada and SNC-Lavalin.

The refurbishment of Bruce and its long-term operation are expected to annually generate up to \$4 billion in economic benefits and increase employment by up to 22,000 jobs.⁴⁶

Bruce Power has begun a Nuclear Economic Development and Innovation Initiative with the County of Bruce to maximize the local economic impact of Bruce Power's \$13 billion investment. This program seeks to ensure there are long-term benefits for the counties of Bruce, Grey and Huron by:

- asking suppliers to open offices in Bruce, Grey and Huron counties, and hire local people; and
- giving preference to suppliers who generate jobs and economic benefit in Ontario and, where possible, operate close to the Bruce nuclear site.

This effort will have spin-off economic benefits for the region, such as the construction of new housing and added facilities needed to accommodate the businesses and workers involved in this long-term project.

Text Box

ONTARIO PARTNERS WORKING ON NUCLEAR REFINISHMENT

CAMECO

Cameco is one of the world's largest uranium companies, with facilities in Blind River, Cobourg and Port Hope.⁴⁷

⁴⁶ 2016 economic impact study on Bruce refurbishment, pg. 5, <http://www.brucepower.com/wp-content/uploads/2016/11/Economic-Impact-Study-2016.pdf>

⁴⁷ Cameco website, <https://www.cameco.com/about>

Commented [ESP FPL17]: Revised to accommodate new text on labour unions.

In May 2017, Cameco agreed to continue supplying fuel to Bruce Power for another 10 years, reducing the cost of electricity to Ontarians by an estimated \$200 million over the 10-year period. This stable partnership will also bring long-term economic benefits to the County of Northumberland.⁴⁸

Cameco is also supporting the Darlington refurbishment, and in May 2017 delivered a first shipment of more than 200 calandria tubes ahead of schedule and on budget.⁴⁹ Calandria tubes hold nuclear fuel and coolant and play a critical role in the safe and efficient operation of the reactor.

BWXT

BWXT Canada Ltd, headquartered in Cambridge, Ontario, employs 850 people across the province and is a leader in the design, manufacturing, commissioning and servicing of nuclear power generation equipment.⁵⁰

BWXT played a key role in defueling Darlington's Unit 2 ahead of schedule.⁵¹ The company will continue to manufacture feeders – tubes delivering coolant to the reactor – as part of the Darlington refurbishment program.⁵²

BWXT will also supply eight new steam generators for the Bruce refurbishment. The contract is worth about \$175 million and will secure more than 100 jobs.⁵³

LAKER

Laker Energy Products is a leading supplier of nuclear reactor components for the CANDU nuclear power industry. The Ontario company is building on this success and is exporting its precision-tooled products around the world.⁵⁴

⁴⁸ Bruce Power news release, <http://www.brucepower.com/bruce-power-cameco-longterm-arrangement/>

⁴⁹ OPG news release, http://www.opg.com/darlington-refurbishment/Pages/20170524_CamecoDelivery.aspx

⁵⁰ BWXT news release, <http://www.bwxt.com/news/2017/04/13/BWXT-Awarded-CA55-Million-Contract-for-Feeder-Supply-in-Support-of-OPG%E2%80%99s-Darlington-Refurbishment->

⁵¹ Organization of Canadian Nuclear Industries (OCNI) news release, <https://ocni.ca/public-resources/publications/darlington-refurbishment/>

⁵² BWXT news release, <http://www.bwxt.com/news/2017/04/13/BWXT-Awarded-CA55-Million-Contract-for-Feeder-Supply-in-Support-of-OPG%E2%80%99s-Darlington-Refurbishment->

⁵³ BWXT news release, <http://www.bwxt.com/news/2016/07/12/BWXT-Subsidiary-Awarded-Steam-Generator--Design-and-Supply-Contract-from-Bruce-Power>

⁵⁴ Bruce power news release. <http://www.brucepower.com/bruce-power-signs-35-million-agreement-with-laker-energy-products/>

Laker recently purchased a new 65,000 square foot facility to handle more than \$130 million in contracts to help refurbish the Bruce and Darlington nuclear reactors. The facility will also support Laker's sales to international markets, including existing and new-build projects in Argentina, Romania, China and the U.K.⁵⁵

ONTARIO'S LABOUR UNIONS

To be added in next turn.

Managing the Risks

One of the principles of the 2013 LTEP was to include potential off-ramps for nuclear refurbishment. Off-ramps ensure that refurbishments only proceed if they continue to deliver value for ratepayers.

OPG must get provincial approval before refurbishing each remaining unit at Darlington. Every decision to proceed with refurbishing will depend on:

- OPG's adherence to the approved costs and schedules of previous refurbishments; and
- whether the project provides ongoing value to ratepayers.

Ontario's contract with the privately-owned Bruce Power also includes strong protection from cost overruns with the refurbishments. For example, Bruce Power is paying for approximately \$2 billion in cost overruns that occurred when two of the Bruce units were refurbished and restarted in 2012.⁵⁶

Under its recently updated agreement with the IESO, Bruce Power will be assuming the full risk of any cost overruns during the refurbishing of the six remaining Bruce units.

Contractual off-ramps allow Ontario to stop work on any Bruce refurbishment if the estimated cost exceeds a pre-defined amount. Refurbishment at Bruce can also be stopped if demand drops or lower-cost resources emerge.

Ontario will proceed with caution and protect ratepayers by strictly controlling the cost and timetable of refurbishments. There will be strict oversight of OPG and Bruce Power to ensure they complete the refurbishments on time and on budget.

⁵⁵ Op. Cit. Bruce power news release. <http://www.brucepower.com/bruce-power-signs-35-million-agreement-with-laker-energy-products/> Op. Cit. Op. Cit.

⁵⁶ Ontario Power Authority (now a part of IESO, following reorganization) presentation, slide 2, <http://14083-presscdn-0-0.pagely.netdna-cdn.com/wp-content/uploads/2015/09/MPP-Briefing-on-Force-Majeure.pdf>

In addition to OPG's oversight of the Darlington refurbishment, Ontario has its own independent advisor, with support from Infrastructure Ontario, to ensure that it has continued and effective oversight. All of OPG's expenditures on nuclear refurbishment will also be reviewed by the OEB as part of its rate-setting process.

The Province subjected the updated agreement with Bruce to extensive due diligence, as did the financial and technical advisors who were engaged by the IESO when it negotiated the contract.

The IESO will continue to manage the Bruce contract and conduct an open book review of costs. It has full-time representatives on-site and will regularly report back to the Province.

Pickering Nuclear Generating Station

OPG is working on plans to continue to operate the Pickering Nuclear Generating Station until 2024.⁵⁷ Two of the units would be shut down in 2022, with the remaining four units shut down in 2024. The continued operation of Pickering will ensure Ontario has a reliable source of emission-free baseload electricity to replace the power that will not be available during the Darlington and initial Bruce refurbishments. It would also reduce reliance on electricity generated from natural gas, saving \$600 million for electricity consumers and reducing GHG emissions by at least eight million tonnes.⁵⁸

The Province announced on January 11, 2016, that it had approved OPG's plan to ask the OEB and the Canadian Nuclear Safety Commission (CNSC) to approve the continued operation of Pickering until 2024. The OEB will ensure the costs of OPG's plan for continued Pickering operation are prudent, while CNSC will ensure the safe operation of Pickering during this period. OPG will still need to get final approval from the government, as OPG's sole shareholder, to proceed with continued operation of Pickering after these regulatory reviews are complete. OPG will also update the government on the safety and operational performance of Pickering as part of its regular reporting and business planning.

Summary

- Market Renewal will refashion Ontario's wholesale electricity markets and ultimately result in a more competitive and flexible marketplace that efficiently meets system needs at the lowest cost, while preparing Ontario for the future by creating new mechanisms to effectively incorporate non-emitting resources and new and emerging

⁵⁷ OPG webpage on Pickering licence renewal, <http://www.opg.com/generating-power/nuclear/stations/pickering-nuclear/Pages/pickering-nuclear-licence-renewal.aspx>

⁵⁸ IESO Assessment of Pickering Life Extension Options referenced in OPG rate application to OEB, Exhibit F2-2-3 pg. 132, <http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/529935/view/>

Commented [AH(18): MO Edit: Can we make this sound more routine? Ontario in its role as shareholder. As per regular review of OPG Business Plan; etc.

Response: Change made; however, I would note it is a deviation from existing messaging used for Pickering since 2016.

technologies. Together, with cap and trade, it will also help to ensure Ontario's climate change commitments are met.

- An incremental capacity auction will increase the use of competition to secure technology-neutral resources and help reduce the cost of procuring resources to meet long-term demand.
- *Delivering Fairness and Choice* aims to maximize the use of the province's existing energy assets in order to limit any future cost increases for electricity consumers.
- Cap and trade will affect the price of conventional fuels and will affect how often fossil-fueled generators get called on to meet the province's electricity demand. This will help reduce the province's greenhouse gas emissions and shift Ontario towards a low-carbon economy.
- The Province will direct the Independent Electricity System Operator to establish a formal process for planning the future of the integrated province-wide bulk system.
- The Northwest Bulk transmission project will proceed in phases. Phase One, a line from Thunder Bay to Atikokan, is to come into service as soon as is practical, with development work on the second phase, a line from Atikokan to Dryden, proceeding at the same time. Phase Three, a line from Dryden to the Manitoba border, may be needed post-2035 to accommodate better integration of provincial electricity grids.
- The Province will review all options to ensure the East-West Tie project is built at a cost that is fair to Ontario ratepayers.
- Ontario will exercise strict oversight of nuclear refurbishments and ensure they are only undertaken if they provide value for ratepayers.

Commented [CRED19]: This bullet sufficiently captures renewables in market renewal.

Commented [AH(20): MO Edit: Should this say "may" or "is"? TBC

Chapter 3. Innovating to Meet the Future

Modernizing the System

The way we deliver and use electricity is changing.

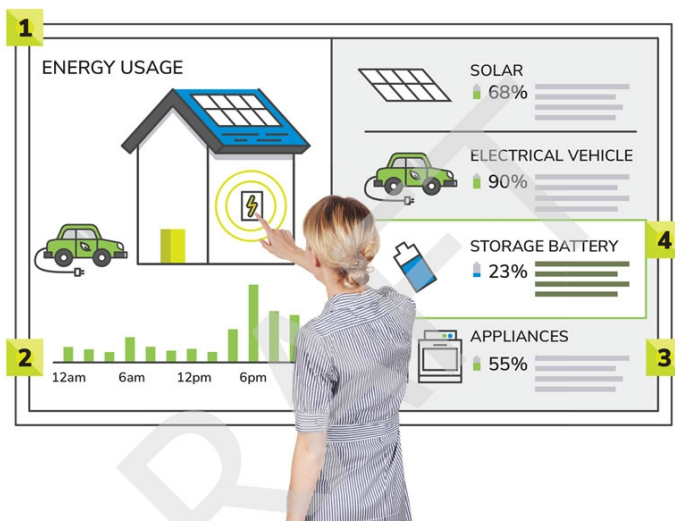
New technologies allow us to capture, store and use energy locally and deliver it in new and innovative ways. Clean, distributed energy resources are powering our economy and moving closer to home. New tools and devices are appearing on smartphones and in homes, harnessing the power of data that can give customers greater choice and control over the energy they use. Customers' expectations of their utilities are increasing.

These new technologies present a significant opportunity to make electricity systems run better, reduce costs and give customers more choice.

Text Box: What We Heard from You

- Support increased use of electric vehicles (EVs)
- Support and enable options for home energy storage, including EV batteries
- New business models can drive innovation
- Offer more pricing plans
- Modernize regulations and rate designs
- Customers will decide which technologies best meet their needs
- Government support is needed for research and development
- Distributed generation will transform conventional electricity distribution networks

Customer of Tomorrow



1. **Energy Management System** – An energy management system can tell you how power is being used in real time, and can balance your preferences with the needs of the grid to make the best use of energy.
2. **Dynamic pricing** – Choose the electricity pricing model that works best for your needs and complements your lifestyle.
3. **Internet of Things** – Technologies are already on the market to connect your appliances, lighting, and other plugged-in electronics to smart controllers. Turn on your lights and dishwasher with your smartphone, or let your energy management system run the show.
4. **Distributed Energy Resources** – Prices continue to drop for new technologies that give consumers more choice on how they interact with the grid – solar panels, home energy storage, and even electric vehicles. The connected smart home will make the best use of these nascent technologies.

Commented [AH(21): This is the language that supports the graphic above.

Innovative Pricing Plans

The Province is working with the Ontario Energy Board (OEB) to give consumers more choice in their electricity price plans. The OEB is using pilot projects to test innovative time-of-use price structures as part of its review of the Regulated Price Plan (RPP). Time-of-use pricing enables customers to better manage their costs by reducing or shifting their consumption to off-peak times when electricity is less expensive to produce. It also ensures that consumers pay a price for electricity that reflects the cost of producing it at peak and off-peak times.

The pilots will test a variety of innovative price structures, including:

- different ratios between on- and off-peak prices;
- different times for on- and off-peak periods;
- prices that increase during critical peaks – the short time periods with extremely high demand; and
- seasonal pricing plans that have a flat rate for spring and fall, and on- and off-peak price periods for summer and winter.

Some of the pricing pilots will be combined with smart technologies, such as smart thermostats, energy use apps, and electric vehicles, to give customers additional ability to manage their electricity use.

The pilots will begin to launch in Fall 2017 and run for at least one calendar year. Pilot results will help guide future OEB decisions on potential new price plans that match customer lifestyles and increase customer control.

In addition to these pilot programs, the OEB is also examining changes to the way the Global Adjustment (GA) is charged to mid-sized commercial and industrial consumers, otherwise known as non-RPP Class B consumers. For these consumers, the GA is a fixed charge that is the same regardless of the time that they consume electricity. A GA charge that varies with the time of use could lower prices for all Class B consumers, as well as residential and small business consumers who are on the RPP.

Net Metering

Changes to Ontario's net metering framework will provide greater opportunity for businesses and consumers to generate and store renewable electricity.

Net metering is a billing arrangement with an electricity distributor (also known as a local distribution company or LDC) that allows a customer to offset the electricity they buy from their LDC with electricity generated by their own renewable energy systems. Net-metered customers also receive credits on their electricity bill for the electricity they send to the grid, reducing their

Commented [LT22]: Can we move this to the Value for...section?

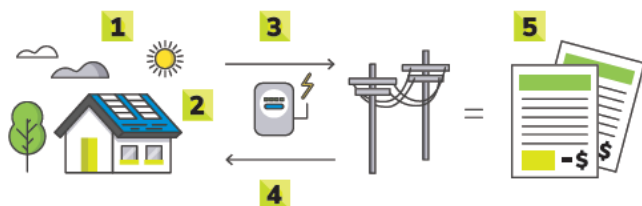
Response: Preference is to keep this section here given the link with the graphic that is being developed for the following page.

Commented [LT23]: Can we say roll out by 2020?

Response: Changes made are based on the information given in the OEB's RPP Roadmap.

total bill charges. These credits can also be carried over for up to 12 months for application on future bills. A net-metered customer is still able to draw power from the local distribution grid when needed.

How Net Metering Works



Commented [LT24]: Can it have more in the graphic?

Response: Working with designer to revise graphic to be clearer.

The graphic describes a typical residential rooftop solar net metering arrangement. Other renewable energy technologies are also eligible to net meter in Ontario.

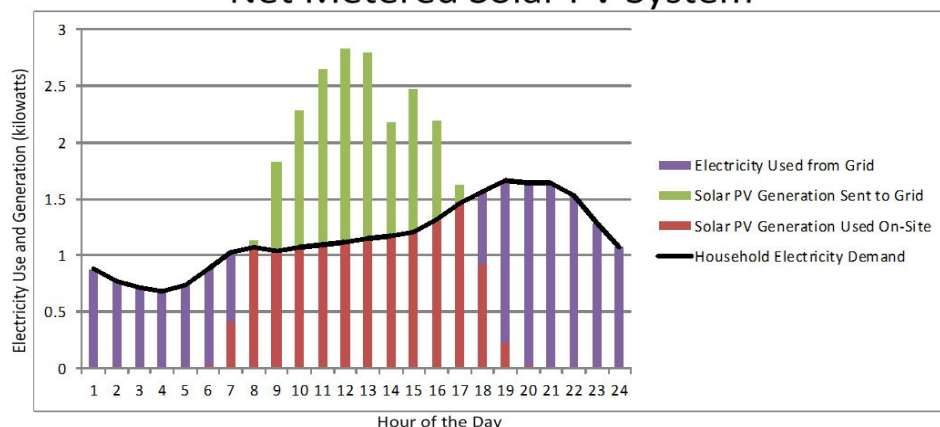
Commented [AH(25)]: This is the text in the above graphic. Just pulling it out so it's possible to edit.

1. Solar photovoltaic (PV) panels mounted on the roof of a house generate electricity.
2. The electricity generated is first used on-site to power the house.
3. Net-metered customers receive credits on their electricity bill for electricity sent to the local grid.
4. Net-metered customers receive a charge on their electricity bill for the electricity they draw from the local grid when their electricity needs cannot be met by the on-site generation.
5. A net-metered customer's monthly electricity bill is calculated based on the difference between the dollar value of any electricity used from the local grid, and the dollar value of electricity sent to the grid from their renewable energy system.

The graph below shows the electricity generated by a typical net-metered solar installation on a residential rooftop in the summer:

- the purple columns show the electricity used from the local grid;
- the red columns show the electricity generated and used on-site; and
- the green column shows the electricity that is generated and sent back to the local grid.

A Typical Summer Day With a Residential Net Metered Solar PV System



Commented [DP26]: Net-Metered should be hyphenated in the title.

Ontario has recently taken significant steps to boost net metering by removing the limit on the size of eligible generation systems and allowing them to be paired with energy storage technologies.

Ontario will further expand and enhance net metering by proposing legislative and regulatory amendments allowing third-party providers to own and operate net-metered renewable generation systems, while ensuring appropriate consumer protection measures are in place. This would give Ontario electricity consumers additional opportunities to reduce their electricity bills by offsetting their electricity purchases with clean power generated on-site. Net metered renewable energy systems can also help reduce peak demand and delay or even eliminate the need for local utilities to invest in costly grid upgrades.

The Province will also propose changes that would enable the deployment of demonstration projects for virtual net metering, and work with the Independent Electricity System Operator (IESO) to support these demonstration projects. Virtual net metering could allow Ontarians who may not be able to host their own renewable energy system to participate in renewable energy projects located away from their homes or businesses, and still receive a credit to offset their electricity bill. It could also support the siting of renewable generation where the electricity is most needed and valuable on the distribution grid. The goal of these demonstration projects would be to better understand the impacts of virtual net metering and ultimately guide future policy decisions on net metering.

Taken together, these proposed enhancements would provide a platform for future innovation in clean, distributed energy and put the province at the forefront of renewable energy integration in Canada.

Energy Storage

Energy storage is a game-changing technology. Sometimes, it acts like a home or business, consuming electricity from the grid. At other times, it acts like a power plant, sending electricity out when needed.

Since 2013, the Province has made it a priority to understand the value of energy storage for Ontarians. This includes:

- procuring 50 megawatts of different types of energy storage to test how they can support Ontario's electricity network;
- using the Smart Grid Fund to support several energy storage projects, testing the full range of their capabilities on distribution systems; and
- undertaking studies that look at capturing the different values of storage.

A March 2016 study by the IESO found that energy storage facilities can provide many of the services that are needed to ensure the electricity system in Ontario operates reliably⁵⁹. The Province also commissioned Essex Energy to study the benefits of storage for distribution grids. The study found that energy storage can provide many benefits, including cost reduction, for larger consumers⁶⁰.

The unique aspects of energy storage come into conflict with some of the rules governing the electricity system. The Province **will propose updates** to its regulations, **is directing** the IESO and OEB to examine codes and rules that may inhibit the cost-effective development of energy storage that provides value to customers and the electricity system.

Electric Vehicles

Ontario's Climate Change Action Plan focused significant attention using low-emission transportation to drive down greenhouse gas emissions in the province. This is critical to establishing a green economy and a carbon-free Ontario. The continued adoption of EVs will have an impact on our distribution networks. If enough EVs in a neighborhood charge at the

Commented [AH(27)]: MO Edit: Add Sigma Energy box.

Response: Strongly recommend against Sigma as the call-out box. They have no planned projects in Ontario and no projects in operation – their technology is still in demonstration phase, and the work in Ontario is only feasibility studies with the IESO.

Alternately, there are Ontario-based storage companies with one or more projects already deployed in Ontario (e.g. Hydrostor's underwater compressed air storage, eCamion's multiple battery deployments that have garnered positive media attention, Hydrogenics and its R1 50MW procurement + manufacturing of fuel cells in Ontario).

⁵⁹ IESO Report: Energy Storage, Pages 1-5, http://www.ieso.ca/-/media/files/ieso/document-library/energy-storage/ieso-energy-storage-report_march-2016.pdf?la=en

⁶⁰ Essex Energy: The Study of Energy Storage in Ontario Distribution Systems, Pages 35-39. Not yet public.

same time, important parts of the distribution system can be strained⁶¹. As the uptake of EVs continues, pressures on our distribution networks will grow, and utilities will need the tools to manage this change in a cost-effective way.

Utilities have begun to test ways to work with EV owners to minimize these impacts. FleetCarma successfully tested a project that guarantees EV owners the amount of charge they need in the morning, but allows a utility to control charging to minimize grid impacts⁶². Burlington and Oakville Hydro⁶³ are testing how to do the same thing by offering smart chargers at a reduced cost in exchange for some control of the charging activity.

Ontario wants to provide utilities with more options for integrating EVs into their grids at the lowest cost. The OEB will support this goal by looking at how utilities can invest in technologies such as residential smart chargers that would avoid more costly system upgrades affecting all customers. These types of technologies could also give EV owners more choice by presenting new customer service models. For example, an EV owner could be rewarded for allowing the car to be charged at times when the grid is not constrained. The customer would work with the utility to find the right combination of preferences so both parties can benefit from smart charging.

Ontario will also promote the sharing of information and data on EV usage, and work to harmonize the province's energy, climate change, transportation, and infrastructure policies. While the focus is often on personal EVs, the Province is broadening its attention to include other types of mobility, including electrified transit and school buses.

Callout box: Goldcorp and Electric Mining

Goldcorp produces roughly half of Ontario's yearly gold production. The company employs over 3,000 Ontarians – 99% in Northern Ontario.

Goldcorp is developing an all-electric mine in Borden. Teaming up with Sandvik Mining and MacLean Engineering, nearly all the powered underground vehicles at Borden will be battery-powered. By using equipment powered by electricity, Goldcorp can avoid 7,000 tonnes of carbon dioxide emissions, and eliminate the need for 2 million litres of diesel and 1 million litres of propane.

Callout Box: RDH Mining Equipment

⁶¹ Ardakanian, S., Catherine Rosenberg, and S. Keshav. "Distributed Control of Electric Vehicle Charging." University of Waterloo, Pages 1-4, http://blizzard.cs.uwaterloo.ca/iss4e/wp-content/uploads/2013/04/dist_control.pdf

⁶² FleetCarma SGF Sell Sheet, P.1.

⁶³ Oakville Hydro, "Electric Vehicles," <https://www.oakvillehydro.com/my-home/general/electric-vehicles.html> and Burlington Hydro, "EVfutureGRID," <http://www.burlingtonhydro.com/your-bhi/evfuturegrid.html>

RDH Mining Equipment from Alban, Ontario are world leaders in battery-powered vehicles for underground mines. They have developed the Muckmaster 600EB, the world's first six-yard capacity battery powered underground loader for hard rock. Compared to traditional, fossil-fueled machines, RDH's battery-powered equipment have no diesel emissions. This can increase the quality of the air underground, reduce underground ventilation needs, and lowers overall GHG emissions from mining operations. RDH is now working with partners to bring its battery-powered mining technology to Latin and South America.

Vehicle-Grid Integration

Vehicle-grid integration is a perfect example of what can be gained by modernizing the grid. It provides more choice for customers while giving utilities the information and tools to optimize their systems.

A car is parked 95 per cent of the time.⁶⁴ For EVs, some of that time is dedicated to charging; the rest of the time, it sits idle, waiting for its next trip. In the future, the battery of an electric vehicle could be used to deliver electricity to the home in the event of an outage. It could also deliver electricity back to the community, or even to the entire grid. Essentially, the EV becomes a distributed energy resource, one that can help avoid system upgrades and reduce costs for everyone.

The Province will engage with its partners in the energy sector to develop a roadmap for vehicle-grid integration that will look closely at this technology and what it could mean for Ontario.

Grid Modernization

Electricity distribution is a critical piece of Ontario's grid. Ontario's utilities are the final step in a system that delivers electricity from generators to our homes and businesses. Ontario was a world leader in deploying smart meters, which are the foundation for a smart grid.⁶⁵ The meters continue to provide data to utilities, allowing them to locate and respond more quickly to power outages, monitor their systems, and better plan for the future – all to the benefit of Ontario's customers.⁶⁶

⁶⁴ Fortune. « Today's Cars Are Parked 95% of the Time », <http://fortune.com/2016/03/13/cars-parked-95-per-cent-of-time/>

⁶⁵ Impact Evaluation of Ontario's Time-of-Use Rates: First Year Analysis, Pages iv, 1, <http://www.ieso.ca/-/media/files/ieso/document-library/conservation/emv/2012/preliminary-report-first-year-impact-evaluation-of-ontario-tou-rates.pdf?la=en>.

⁶⁶ Information provided to the Ministry by PowerStream, including inserts (Website offline), Pages 1-10.

Commented [AH(28)]: MO Edit: Replace with mining examples break out box.

Response: We have provided two options for consideration. Once one is selected, we will reach out to the company for permission. MO, let us know your preference.

Now is the time to build on our investments in smart meters and the smart grid to establish a modern grid for Ontarians. An independent study in 2015 found that Ontario's consumers and businesses stand to gain \$6.3 billion in economic, environmental and reliability benefits if the grid is modernized over the coming decades.⁶⁷ A modern grid would be more resilient to the effects of climate change and utilize the real-time visibility needed to respond to problems or address them before they happen⁶⁸.

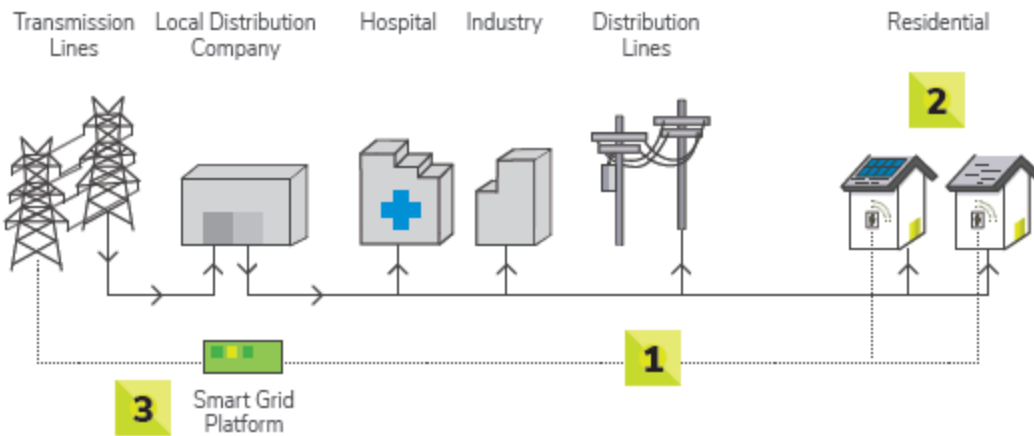
A modern grid is a digital grid. It harnesses the power of data so that customers and utilities can make the right decisions. For utilities, it means having the information critical to making the system run as smoothly as possible. For customers, it means the grid will be ready when you want to buy an electric vehicle, install a battery, put up solar panels, or choose a new pricing plan. It means more tools for you to track your energy usage. It means a more efficient, reliable, and resilient grid. Above all, it means potential savings on your bill.

⁶⁷ Navigant Ontario Smart Grid Assessment and Roadmap, Page 2, <https://www.ontarioenergyreport.ca/pdfs/Navigant-Smart-Grid-Assessment-and-Roadmap-Final-Report-.pdf>.

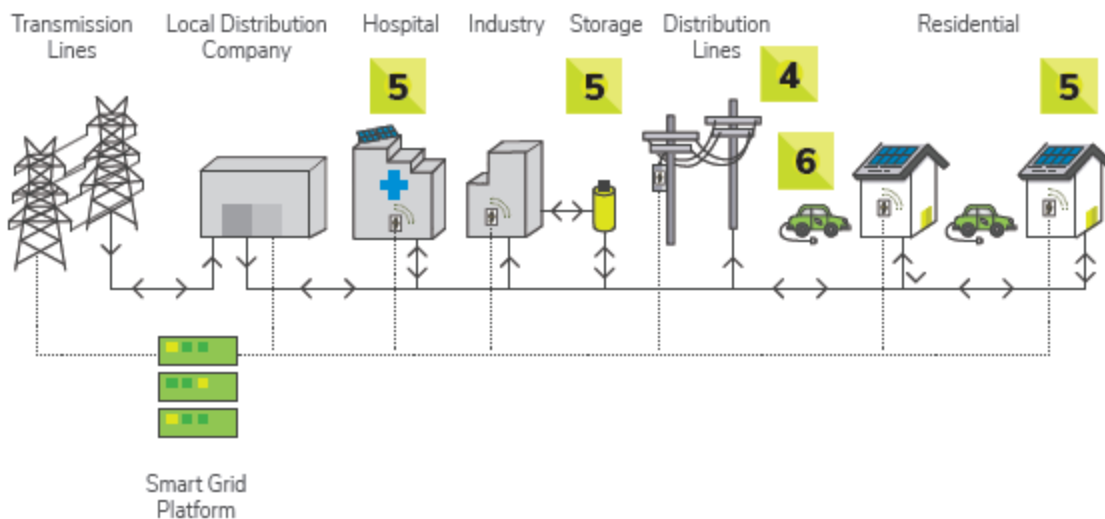
⁶⁸ Environmental Commissioner of Ontario. Smart from Sunrise to Sunset: A Primer on Ontario's Evolving Electricity Grid, Pages 33-37, <http://docs.assets.eco.on.ca/reports/other-publications/2014/2014-Smart-Grid.pdf>

The Transition in the Electricity Sector

TODAY



FUTURE



1. Communications (Lines)

Data from smart meters are sent to the LDC using communications infrastructure. In the future, this will also include data from sensors and other devices that can monitor the entire grid.

2. Smart Meters

Used for billing, smart meters also provide critical data on system health at the very edge of the grid, and can also be used for DER, stations, and large consumers.

3. Smart Grid Platform
LDCs use powerful software platforms to compute data and use that information to make the grid as efficient and reliable as possible, potentially avoiding costly upgrades.
4. Sensors
Sensors instantaneously feed data back to the LDC about the health of the grid, including wires, transformers, and other grid assets.
5. Distributed Energy Resources (DER)
Today, DERs are mostly renewable generation. In the future, this will include energy storage, microgrids, and even electric vehicles. DERs have a range of benefits that are optimized by a Smart Grid Platform.
6. Vehicle Grid Integration (VGI)
In the future, electric vehicles (EVs) can be used to power homes and even support the grid. VGI can turn EVs into highly dynamic DERs and provide owners with more services and choice.

A modern grid can also give customers more choice, ranging from flexible pricing models to enabling home energy management systems to realizing the full value of EVs. A modern grid can ensure that distributed resources like solar power, storage and microgrids can be integrated in the most efficient way possible. Above all, a modern grid can drive down costs for customers.

However, that same study found there were several barriers to modernizing the grid further in Ontario. For example, utilities are challenged by the diffuse benefits issue. This is when the costs of technologies such as energy storage are borne only by utilities, but the benefits flow to a range of other electricity sector participants. Without a clear framework on how to address diffused benefits, utilities are deterred from exploring solutions that may be more cost-effective and provide greater benefits to the grid. Ontario is committed to overcoming and removing these barriers so that utilities can make the right investments.

Text Box: EDA's The Power to Connect – Advancing Customer-Driven Electricity Solutions for Ontario

The Electricity Distributors' Association (EDA) recognizes the need to build a modern grid that is responsive to new technologies, innovation, the power of data, and customer control. They recognize the transformation ahead – moving from a one-way grid to a two-way grid. Distributed energy resources will be at the centre of this transformation, driven by customers who become active in the electricity marketplace, seeking greater control and choice over how they use energy.

For the EDA, creating a platform to enable DER, integrating DER into utility operations, and allowing utility control to optimize the operation of their grids are critical to realizing the full value of grid modernization. The Government looks forward to working with the EDA and other stakeholders in overcoming barriers preventing grid modernization.

Driving Innovation: Enhancing the Smart Grid Fund

The Smart Grid Fund was launched in 2011 to support innovation in Ontario's electricity sector⁶⁹. Innovation can be seen in a broad range of technologies – home energy management, grid automation, energy storage, microgrids, cyber security and EV integration. Through the Fund, Ontario companies have solved problems on distribution grids, and utilities have increased their understanding of how the smart grid can benefit the system and their customers.

The Smart Grid Fund is also supporting jobs and growth in the province.⁷⁰ The Fund has given Ontario businesses the support they need to turn demonstrations into commercial successes. A number of recipients and products are gaining traction in foreign markets, including:

- N-Dimension Solutions, a cybersecurity firm with over 100 utility customers in North America⁷¹;
- Utilismart's distribution monitoring and settlement software, which has been installed by over 140 utility customers⁷²; and
- a transformer sensor manufactured in Ontario by GRID20/20, which has been tested in 11 countries⁷³.

As part of Ontario's grid modernization strategy, Ontario believes now is the right time to build on this success by renewing and enhancing the Smart Grid Fund. A \$60 million enhanced Smart Grid Fund will focus on ways to encourage a culture of innovation within the electricity sector, explore solutions that integrate many technologies, test new business models, explore the integration of electricity and other energy sources, and generate new ideas for advancing grid modernization.

Text Box: Modernizing the Grid – Success Stories

POWER.HOUSE

Alectra Utilities, with support from the IESO's Conservation Fund, launched the POWER.HOUSE pilot in 2015. The innovative residential solar storage program outfitted 20 homes with solar panels, an energy storage device and an energy management system that allows the homes to communicate with the utility.

Commented [LT29]: REWORD – Matt

Response: To be addressed in subsequent drafts when receive further direction from MO.

Can MO confirm any changes to the language?

⁶⁹ Government of Ontario News Release, <https://news.ontario.ca/mei/en/2014/11/ontario-supports-leading-edge-smart-grid-projects.html>.

⁷⁰ Internal data to be included for the fact-check binder.

⁷¹ N-Dimension SGF Sell Sheet, P.1.

⁷² E-mail confirmation – to be included in the fact-check binder.

⁷³ E-mail confirmation – to be included in the fact-check binder

The pilot allows Alectra to treat the 20 homes as a single, virtual power plant and provide demand response or support when outages occur. This resulted in savings for the 20 homeowners, and also helped identify how POWER.HOUSE could delay the need for distribution network upgrades, which benefits all customers. Alectra believes POWER.HOUSE could be expanded to include 30,000 homes in Markham, Richmond Hill, and Vaughan alone.

FleetCarma

With the support from the Smart Grid Fund, FleetCarma developed a system that lets utilities control when an EV is charged, helping them protect their local grid infrastructure. FleetCarma's solution also takes the needs of EV owners into account. They can opt-out on a day-to-day basis and set a minimum, guaranteed charge for the morning commute.

FleetCarma is a great example of Ontario exporting its expertise. Building on its success from its Smart Grid Fund project in the Toronto area, the company announced in April 2017 that the New York City utility, Con Edison, will be using its system to dampen the impact of EV charging on the grid while collecting critical data on how EVs are used.⁷⁴

Distributed Energy Resources

A distributed energy resource (DER) is a decentralized source of energy that provides electricity services to individual customers or to the wider system located nearby.

Specific examples of DER include:

- Distributed generation (DG): electricity generated for self-consumption and/or export to the distribution grid;
- Energy storage: energy stored for use close to where it is needed;
- Microgrid: a mini network that can operate independently when it is disconnected from the main electricity grid; and
- Demand response: a temporary reduction or shift in demand in response to higher prices or requests from a system operator.

Each DER offers its own distinct benefits. However, their best value occurs when utilities use smart communications systems to integrate a number of the technologies across their distribution network.

Renewable Distributed Generation

Renewable generation systems, such as solar photovoltaic panels, are becoming more widely adopted across the province. When strategically located and combined with smart communications and control systems, renewable distributed generation can benefit local distribution companies and their customers: utilities can defer or avoid costly investments in

⁷⁴ ConEd. "SmartCharge New York" <https://www.coned.com/en/save-money/rebates-incentives-tax-credits/rebates-incentives-tax-credits-for-residential-customers/electric-vehicle-rewards>.

their local distribution networks, and customers can generate and store their own power, lowering bills and ensuring reliable access to electricity when power from the grid is not available.

The Province and the IESO will develop a program to support the deployment of strategically located renewable DG systems, paired with other DERs and smart grid technologies, to demonstrate their value to customers and the grid. The data gathered from these innovative projects will help guide the treatment of renewable DG by regulators and energy markets, and ultimately steer further integration of these resources into Ontario's energy system.

Barriers to Innovation

Ontario's approach to grid modernization is to create the right environment for utilities to make the best decisions for their systems and their customers. To get there, the Province and its partners need to address the barriers to innovation. Many of these barriers are a legacy of the old way of doing things, when power only flowed one way and the technologies were simple and straightforward. However, times have changed.

The Province has taken a number of steps to encourage innovation in a changing energy sector. In 2010, it directed the OEB to give guidance to utilities on building smart grid technologies into their systems and putting innovation into their business practices. The OEB incorporated these ideas through a new regulatory framework. In 2013, the OEB also established a Smart Grid Advisory Committee to provide it with ongoing assistance in facilitating grid modernization

Despite these efforts, there has been an unclear and uneven level of investment in grid modernization by Ontario's utilities. Some LDCs – such as Hydro Ottawa and Greater Sudbury Utilities – are implementing plans to build a modern grid and a culture of innovation within their organizations. Nevertheless, the EDA found that half of Ontario LDCs still approach innovation in a gradual or incremental way.⁷⁵ It is clear that barriers remain to innovation. With the rapid development of new technology and increasing customer expectations, the time to address these barriers is now.

To encourage change in the energy sector, the Province will work with utilities and other partners to build a culture of innovation, and look to the IESO and the OEB to explore, where cost-appropriate:

- building a stronger culture of innovation in the sector;
- the equitable treatment of energy storage;
- utility participation in residential smart charging;

⁷⁵ Electricity Distributors Association. 2017. *The Power to Connect – Advancing Customer-Driven Electricity Solutions for Ontario*. p. 49. https://secure2.eda-on.ca/iMIS15/EDA/EDA_Priorities/EDA_Policy_Papers/PowerToConnect_Feb2017.aspx.

- the deployment of renewable distributed generation and other distributed energy resources;
- the use of innovative, non-wires solutions that will, among other things, allow utilities to manage their systems better and encourage customer choice;
- a cost-benefit framework that provides clarity on the treatment of investments, such as those with localized costs that provide benefits to other electricity system participants (also known as the diffuse benefits issue);
- providing clarity on how the OEB will consider applications from utilities for new business models and innovative ideas allowed under the *Strengthening Consumer Protection and Electricity System Oversight Act, 2015*;
- the ability of utilities to participate in market opportunities that would ultimately reduce ratepayers' costs associated with capital or other investments; and
- opportunities for utilities to partner with their customers to use in-front and behind-the-meter applications to address system needs.

As part of this effort, the Province will encourage utilities to develop plans that demonstrate how they intend to modernize their grids and their businesses. These modernization plans could be incorporated into a utility's asset management practices and filings to the OEB.

Building on the Success of Renewables

The tremendous growth of Ontario's clean tech and renewable energy sectors has attracted billions of dollars in investment to Ontario and led to the creation of thousands of new jobs from across trades and professions. The direct and indirect jobs created since 2008 by new renewable energy generation in Ontario have been estimated at 273,190.⁷⁶ That explains the support for Ontario's investment in renewable energy from broad coalitions of employers, labour and industry groups, such as the Renewable Energy Alliance of Ontario.⁷⁶

Ontarians have every reason to expect these economic benefits will continue. The renewables sector is forecast to contribute nearly \$5.4 billion dollars to Ontario's gross domestic product and create 56,500 jobs between 2017 and 2021.⁷⁷

Many of the companies that participated in Ontario's expansion of renewable energy are now poised to export their expertise and products to foreign markets. This could contribute as much as \$1 billion to Ontario's GDP and could add as many as 10,700 jobs between 2017 and 2021.⁷⁸ For example, Ontario-based manufacturers of hydroelectric components have been successfully

⁷⁶ Calculations by Power Advisory. APPrO. (2015). The Value of Electricity to Ontario. Power Advisory LLP. Retrieved from http://www.appro.org/index.php?option=com_content&task=view&id=130&Itemid=166.)

⁷⁸ Market Analysis of Ontario's Renewable Energy Sector, Compass Renewable Energy Consulting Inc., June 2017 (URL and Page number forthcoming from REFO)

Commented [ES30]: Note that the source of this figure indicates this number includes jobs located outside of Ontario.

Also, jobs figure represents a cumulative total not the current number of renewables jobs in Ontario.

Jobs figures also appear to be current only as of 2014 data.

Commented [RCZ31]: Note that this jobs figure provided by Compass measures jobs in Full Time Equivalents which represents full time employment for one year (1 FTE=2,080 hours).

Power Advisory 273,190 jobs figure (which treats any job the same whether part-time, full-time, seasonal, etc). These two figures will not be directly comparable as they are calculated using different methodologies.

Commented [MK32]: MO Removed this sentence. Suggest this sentence be retained if using the 56,500 number as it speaks about community benefits which has been not discussed yet.

exporting to the United States for years. Many of Ontario's solar manufacturers are also reporting increased export activity to the U.S., despite strong global competition. And wind component manufacturers have developed expertise that will help them succeed in nearby American markets that are replacing coal-fired generation with renewables and other clean sources of electricity.

Exporting Ontario's Energy Expertise

Ontario's energy innovators are experts in smart grid, renewables, nuclear and other technologies, and are using the solid base they have established in Ontario to export to other markets in North America and around the world.

Text Box: A Northern Ontario Success in Manufacturing

Heliene Canada has been manufacturing solar photovoltaic panels in Sault Ste. Marie since 2010. The company's manufacturing facility uses state of the art technology and currently exports over half of its modules to the U.S. and other markets.

Heliene collaborates with other industry players and universities, such as ePower, the micro-electronics laboratory of Queens University and the Rotman School of Business at the University of Toronto, to create a link between academic research and industrial applications.

Ontario continues to be committed to supporting the dynamic and innovative business climate that made this possible. The Province will expand its support of Ontario energy companies wanting to export their goods, services and expertise, by:

- working with other provincial and federal governments, industry and postsecondary institutions to develop and support trade initiatives that support market entry and new business opportunities;
- developing market intelligence that determines which foreign markets hold promise for Ontario's energy goods and services;
- participating in energy-related trade missions abroad; and
- promoting Ontario's technical expertise at appropriate international forums

In consultation with industry and the federal government, Ontario will develop a pilot program that provides financial support for the demonstration of locally-developed technologies abroad. The pilot will help Ontario energy companies get a foothold with utilities and buyers in global markets, and support the Province's commitments to help Ontario companies go global.

Text Box:

“Global economies are demanding clean and low-cost energy solutions and Ontario entrepreneurs are poised to seize that opportunity.” – MaRS Cleantech

Nuclear Innovation

Canada’s expertise in nuclear energy has enabled it to be a world leader in nuclear research and nuclear medicine, saving lives and bringing peace of mind to countless numbers of cancer and heart surgery patients around the world.

Ontario is keenly interested in collaborating with the federal government, universities and industry partners to continue its support of the nuclear industry for both energy and non-energy applications. Ontario can help create new export opportunities for nuclear innovations, such as:

- **Small Modular Reactor (SMR) Technology:** This is a new generation of nuclear power reactors that have smaller footprints than conventional reactors and promise economies of scale through mass production. In 2016, the Province released a consultant’s study on the feasibility of SMRs to replace diesel for remote mining applications in Ontario. It continues to monitor SMR technologies and engage with key stakeholders involved in advancing these innovative technologies.
- **Nuclear Fuel Research:** Technological innovations could lead to the reprocessing or recycling of used nuclear fuel or the use of thorium to power nuclear reactors.
- **Hydrogen:** Ontario’s nuclear technology could be used for the large-scale production of hydrogen. Hydrogen is a low-carbon energy source that could replace gasoline in the future for transportation or natural gas for heating.

Text Box: Medical Isotopes

Ontario’s power reactors transform chemical elements, such as Cobalt, into new forms or isotopes for medical applications such as the diagnosis and treatment of life-threatening diseases. These isotopes can also sterilize medical equipment such as hospital gowns, gloves, masks, implantable devices and syringes, as well as some food products.

Cobalt-60 is a key isotope for medical applications. Currently, 70 per cent of the world’s supply of the medical-grade Cobalt-60 isotope is produced in nuclear reactors at Chalk River, Pickering and Bruce B⁷⁹. The isotope is used for 10 million cancer therapy treatments around

⁷⁹ Canadian companies collaborate to secure isotope supplies, 8 November 2016, World Nuclear News, <http://www.world-nuclear-news.org/RS-Canadian-companies-collaborate-to-secure-isotope-supplies-0811168.html>

the world every year and for medical imaging, equipment sterilization and non-invasive brain surgery.⁸⁰

Recently, Cobalt-60 harvested from the Bruce reactor was used in the Sterile Insect Technique or SIT, to combat the spread of Zika, West Nile and Dengue viruses.⁸²

The Ottawa-based health-sciences company, Nordion is exploring future opportunities to expand the production of Cobalt-60 using the Bruce A and Darlington reactors.⁸³

Innovative Uses for Ontario's Natural Gas System

Renewable Natural Gas

Renewable natural gas (RNG) is a low-carbon fuel produced by the decomposition of organic materials found in landfills, forestry and agricultural residue, green bin and food and beverage waste, as well as the waste from sewage and wastewater treatment plants. Because it comes from organic sources, the use of RNG does not send any additional carbon into the atmosphere. As an added benefit, it can use the existing natural gas distribution system to replace the use of conventional natural gas in today's stoves and furnaces.

RNG can be an innovative Ontario-made source of energy. Some types of RNG, such as biogas from landfills or agricultural waste, are technically feasible today. In the longer term, RNG may be produced by biomass from forestry residue.

Text Box: A Pilot Program for Renewable Natural gas in Transportation.

Ontario's Climate Change Action Plan committed the Province to increasing the availability and use of lower-carbon fuel.

The Province is now developing a pilot program that takes methane from agricultural materials or food wastes and uses it for transportation. The program is expected to demonstrate the business models and technology that will allow agricultural and food sectors to produce RNG, and support businesses as they change their vehicles and fueling infrastructure to use RNG.

⁸⁰ American Brain Tumor Association webpage on brain cancer therapy with Cobalt-60, <http://www.abta.org/brain-tumor-treatment/treatments/stereotactic-radiosurgery/gamma-knife.html>

⁸¹ Medical Isotopes, Canadian Nuclear Laboratories Website, <http://www.cnl.ca/en/home/facilities-and-expertise/nru/isotopes.aspx>

⁸² The nuclear connection to combat the Zika virus, May 2016, Canadian Nuclear Association, <https://cna.ca/news/nuclear-connection-combating-zika-virus-2/>

⁸³ Nordion and Bruce Power ensure global Cobalt-60 supply up to 2064, 8 November 2016, Bruce Power website, <http://www.brucepower.com/bruce-power-ontario-power-generation-collaborate-to-ensure-steady-supply-of-cobalt-60/>

In May 2017, Ontario issued a discussion paper to gather feedback from businesses, partners and the public to help guide the design of the program.

Power-to-Gas

Electrolysis, also known as power-to-gas, uses electricity to break down water molecules into hydrogen and oxygen. This transforms electricity into hydrogen gas, a different type of fuel. The hydrogen can be stored or transported in existing natural gas pipelines and used to heat homes and fuel vehicles.

Power-to-gas could potentially become a new link between the province's electricity system and its natural gas system. The IESO recognizes this, and has already awarded a contract to Hydrogenics, an Ontario-based manufacturer of electrolysis and fuel cell technology, to provide electricity grid services while it makes hydrogen.

Using electricity to create hydrogen is one way to help decarbonize the natural gas supply as well as the natural gas vehicles that are expected to reach market soon. The Province has acknowledged the potential versatility of this fuel and is undertaking a feasibility study of using hydrogen fuel for GO Transit passenger trains.

Summary

- The Province will work with the Ontario Energy Board to provide customers greater choice in their electricity price plans;
- The net metering framework will continue to be enhanced to give customers new sources of clean energy and new ways to reduce their electricity bills;
- Barriers to the deployment of cost-effective energy storage will be reduced;
- Utilities will be able to intelligently and cost-effectively integrate electric vehicles into their grids, including smart charging in homes;
- The Province will articulate a vision for grid modernization in Ontario, and overcome barriers to give utilities more tools to provide more customer choice and efficient, reliable and cost-effective services to customers;
- Ontario will build on the success of the Smart Grid Fund by renewing and enhancing the program. This will continue the Province's support of Ontario's innovation sector and help overcome other barriers to grid modernization;
- The Independent Electricity System Operator will strategically deploy renewable distributed generation projects that demonstrate the value of innovative technologies to the system and customers;
- Ontario will fund pilot projects to help Ontario's innovative energy companies export to foreign markets;
- The Province will collaborate with the federal government, universities and industry to support the province's nuclear sector; and
- Innovative uses for Ontario's natural gas distribution system will be pursued.

Commented [LT33]: Possible ch move.

Response: Per advice earlier in chapter, recommend keeping in this chapter.

Chapter 4 – Improving Value and Performance for Consumers

Ontario and its partners are focusing their efforts on improving service to the province's electricity consumers. This requires a continuous search for efficiencies, and maintaining a culture of innovation in the sector. These new technologies and systems can benefit energy consumers by enabling more intelligent planning and investments. Ontario expects transmission and distribution utilities to rise to the challenge and continue to deliver high-quality service while finding efficiencies and opportunities to lower costs.

Text Box: What We Heard from You

- *Eliminate Regulatory Barriers*
- *Encourage consolidation and partnerships*
- *Expedite approvals for new technologies*
- *Allow utilities to provide additional services*
- *Improve reliability*

Continued innovation in the electricity sector enables customers to use data and information in their decision making and create the additional choice they have in many other parts of their lives. But more choice requires more information, so consumers will expect more openness from energy companies and agencies. Ontario is making this change possible by ensuring the standards and performance of the sector's entities are readily accessible.

The independence of the Ontario Energy Board (OEB) is a vital feature of Ontario's electricity sector. It gives consumers and sector partners the confidence that decisions are being made in the public interest. Ontario upholds this independence, and expects that the OEB, when delivering on the vision outlined in *Delivering Fairness and Choice*, will set policies in a manner that benefits ratepayers and the sector as a whole.

Modernizing the Utility Business

Ontario's LDCs are the main point of contact when customers deal with the electricity system. They provide the services that consumers count on, such as restoring power after outages, maintaining the safety of the system and fielding calls and questions.

In the coming years, utilities will face a number of challenges to how they conduct their business. Disruptive technologies and innovative companies are all on the horizon, entering the energy space and changing consumer expectations. Utilities need to determine how they will continue to provide value to consumers long into the future. Ontario is confident that utilities

can respond to the changing landscape and find opportunities to achieve further efficiencies and savings.

The Ontario Distribution Sector Review Panel found in 2012 that utility consolidation could reduce costs from the distribution sector by \$1.2 billion over 10 years. The OEB, as the independent regulatory tribunal regulating electricity distribution, must lead, innovate and provide LDCs with incentives to become more cost effective and efficient. The OEB has made improving LDC performance a priority since it refreshed its framework for utility regulation in 2011.

The OEB's Performance Scorecard uses several key measures, such as resolving customer complaints during the first phone call or first visit to track whether LDCs have improved their performance. The Scorecard also allows customers to see if the service they receive from their utility meets OEB standards. The OEB is planning to enhance this framework to encourage greater efficiencies and make LDCs more accountable to consumers.

Ontario will look to the OEB to further strengthen the accountability that both distributors and transmitters need to show to their customers. By focusing on the principles of transparency, responsiveness to customers, efficiency and cost-effectiveness, the OEB will support a future in which:

- utilities (LDCs and transmitters) have incentives to cut unnecessary costs and make annual improvements to productivity and cost-efficiency;
- utilities are constantly striving to improve;
- utilities are held to account when expectations are not met;
- customers get the highest possible value from their electricity services; and
- businesses and other large customers have a timely and predictable process to connect to the grid or modify their existing connections.

The OEB will look to have these enhanced requirement in place for the next major rate application cycle.

Enhancing Reliability

Generators, transmitters and distributors in Ontario must abide by internationally-recognized standards and requirements that ensure the reliability of the bulk electricity grid.⁸⁴ The Independent Electricity System Operator (IESO) enforces these standards in Ontario, working closely with industry participants to ensure they understand and follow the rules.⁸⁵

⁸⁴ See Chapter 5 of the IESO's Market Rules, Power System Reliability, for scope of the IESO controlled grid: <http://www.ieso.ca/sector-participants/market-operations/-/media/83782a2a5a5d42cea4efbf9f25002939.ashx>

⁸⁵ For IESO's role: <http://www.ieso.ca/sector-participants/system-reliability/reliability-standards-framework>;

The OEB also sets reliability and quality of service standards for transmission and distribution utilities.⁸⁶ Distributors report the frequency and duration of outages in their annual performance scorecard to the OEB.⁸⁷ Transmitters also have customer standards, including a process to address areas of poor performance.⁸⁸

Reliability and quality of service are of vital importance to electricity consumers. This is especially true for communities on long, radial lines that can fail more frequently and for businesses that are particularly sensitive to electricity outages or fluctuations.⁸⁹ The OEB has considered a number of ways to improve reliability over the years⁹⁰ and the Province will look to the OEB to examine further cost-effective steps that ensure customers are aware of the reliability of their service and their ability to resolve their concerns.

An enhanced framework for the reliability and quality of service of transmission and distribution utilities could provide customers with increased fairness by:

- introducing incentives and consequences to ensure utilities are held to account for under-performance. For example, Ontario customers could receive an on-bill credit when service standards are not met as in done in some other jurisdictions; ;
- establishing new standards and measurements of reliability that give customers more detailed insights into local reliability, in addition to the current system-wide averages;
- ensuring that utilities report whether they are meeting the standards, in a way that customers find meaningful and easy to understand; and
- setting out clear timelines and steps that utilities must follow when they do not meet reliability standards or when customers report problems with reliability, power quality or other quality of service issues.

The Province will direct the OEB to review the standards for reliability and quality of service for transmission and distribution utilities and recommend options for improving the standards. It will also ask the IESO to review how its planning and policies can improve customer reliability.

Test Box: *Examples from Outside Ontario: Compensating Customers for Poor Service****

⁸⁶ See the Handbook to Utility Rate Applications, October 13, 2016, https://www.oeb.ca/oeb/_Documents/Regulatory/OEB_Rate_Handbook.pdf and the Report of the Board: Performance Measurement for Electricity Distributors: A Scorecard Approach, March 5, 2014, https://www.oeb.ca/oeb/_Documents/EB-2010-0379/Report_of_the_Board_Scorecard_20140305.pdf

⁸⁷ For more information on the scorecard metrics: <https://www.oeb.ca/utility-performance-and-monitoring/what-are-electricity-utility-scorecards/scorecard-filing> and the Report of the Board cited above.

⁸⁸ See section 4.5 Performance Standards of the Transmission System Code, https://www.oeb.ca/oeb/_Documents/Regulatory/Transmission_System_Code.pdf ; Transmitter-specific CDPP are posted online by the transmitters.

⁸⁹ www.ieso.ca/-/media/files/ieso/document.../18.../methodology_rtaa_2017mar.pdf

⁹⁰ See OEB consultations RP-2003-0190, EB-2008-0001, EB-2010-0249, EB-2014-0189, EB-2015-0182.

Commented [LT34]: REWORD – less gov speak

Additional from MO: Be more specific on this “guarantee” type language. MO wants to give more of a signal that we’re interested in this. If we don’t do this, then the call-out boxes on the next page don’t seem rooted in anything.

Response: The call out boxes provide insight in to the types of guarantees provided elsewhere, linking back to this reference.

Commented [LT35]: To be revisited

Response: See response to comment above. We can revisit whether to keep these in or not.

In Michigan, residential customers are eligible for a credit of \$25 USD if their utility fails to restore power after 16 hours of outage under normal conditions, after 120 hours under catastrophic conditions and after seven outages within a 12-month period⁹¹.

Text Box: Raising Awareness of Local Issues ***

The publication of standardized and more detailed criteria for reliability would ensure greater transparency for customers and the regulator. This is particularly relevant for transmitters and large distributors.

The current LDC scorecard requires Ontario distributors to report their system-wide reliability. This means a small distributor, like Whitby Hydro with fewer than 40,000 customers, reports the same level of detail as a large distributor like Toronto Hydro with nearly 700,000 customers.⁹²

Because the OEB scorecard has not been implemented for transmitters, the reporting in transmission rate applications varies. Hydro One, a large transmitter with hundreds of customer delivery points, only reports its system-wide performance,⁹³ while a small transmitter like Five Nations Energy Inc., with only four delivery points, reports the data for each.⁹⁴

Changing Business Models

To meet the challenges of the future, LDCs may need to be able to adopt more flexible and innovative approaches to service delivery than have been allowed in the past.

Text Box: More Flexible Regulation

⁹¹ Electric Outage Service Credits, Michigan Agency for Energy and Michigan Public Service Commission, http://www.michigan.gov/documents/mpsc/mpsc-ca_electricoutageservicecredits_276711_7.pdf

⁹² Performance Measurement for Electricity Distributors: A Scorecard Approach, March 5, 2014, https://www.oeb.ca/oeb/Documents/EB-2010-0379/Report_of_the_Board_Scorecard_20140305.pdf; For more information on the scorecard metrics: <https://www.oeb.ca/utility-performance-and-monitoring/what-are-electricity-utility-scorecards/scorecard-filing> and the Report of the Board cited above.

⁹³ See Hydro One's Transmission Rate Application, 2017/18, Transmission System Plan, Section 5. Reliability Performance, PDF pages 66-77, http://www.hydroone.com/RegulatoryAffairs/EB20160160/HONI_Tx_Appl_Ex_B1_20160531.pdf; See also Hydro One's proposed scorecard, in Exhibit B2, T1, Schedule 1, PDF page 5-6, http://www.hydroone.com/RegulatoryAffairs/EB20160160/HONI_Tx_Appl_Ex_B2_20160531.pdf

⁹⁴ FNEI 2016 Transmission Rate Application, Exhibit 4, Tab 1, Schedule 2, See PDF pages 268-276, http://www.fivenations.ca/index.php/regulatory/regulatory-2/item/download/183_c66a51fef9e93139c3f8312ed16a9dc6

Commented [AH(36): Mo Edit: One example is enough]

Many LDCs have entered into joint service agreements to improve customer service and reduce their operating, maintenance and administration costs. Organizations such as GridSmart City, the Coalition of Large Distributors, and Cornerstone Hydro Electricity Concepts are examples of LDCs leading the way in these partnerships.

Text Box: GridSmart City Profile



GridSmartCity Cooperative is a partnership of 13 LDCs, created to provide greater value to electricity customers by achieving increased efficiencies of scale and scope within each of their operations. The Partnership has reduced costs by having joint purchasing for services such as information technology, human resources and infrastructure procurement.

The Province will look to the OEB to explore ways of facilitating these partnerships where they make economic sense. It will also consult with LDCs on additional ways to realize these savings and provide better customer service. The OEB will also review its own regulatory requirements and processes to ensure they minimize inefficiency and do not impose unnecessary burdens on LDCs.

Making Electricity Bills More Understandable

Electricity bills need to be clearer and more understandable. They are the customer's main window into the electricity system. Consumers have told both the Province and LDCs they find current bills to be confusing and inaccessible. Action is underway to address this. Hydro One Inc., for example, is planning to introduce a redesigned electricity bill for its low-volume consumers in late 2017. Hydro One's redesigned bill, the product of research and testing of consumer behaviour, is expected to increase customers' understanding and comprehension of their electricity charges.

In order to expand this effort across Ontario, the Province will work with the OEB and LDCs to redesign electricity bills to give Ontarians the information they have said they want on the bill. This will make bills easier for customers to understand and ensure they get the most useful information out of their bills. Customers expect LDCs to adopt more consumer-friendly billing systems, such as bills that can be viewed and paid on mobile devices.

Improving Customer Choice through Data Accessibility

Ontario is promoting improved data accessibility to help consumers view and understand the information they need to make decisions on their energy use. Recent initiatives include:

- the Ontario Energy Report, an online portal that provides electricity sector consumers and stakeholders with an up-to-date snapshot of Ontario's energy sector;
- Green Button, a data standard that can give residential and commercial consumers the ability to access data on their energy and water consumption. Green Button can also allow households and businesses to securely and automatically transfer that data to applications they can choose to help them manage and conserve energy and water; and
- enhancing the *Meter Data Management and Repository (MDMR)*, Ontario's central repository for smart meter data. The IESO Smart Metering Entity is leading a project that will support much more rigorous analysis of consumption data across the province, with the end goal of making better planning decisions and improving services to customers⁹⁵

Ontario will continue to improve the ability of people to use data to make their decisions. But the effort must also have a broader focus. Ontario's energy sector as a whole must continue to improve its ability to analyze data, using advanced mapping tools and other cutting-edge technologies to further modernize our grid. This is discussed further in Chapter 5.

These efforts also need to keep the individual in mind. While the digital economy is integral to an efficient government and an affordable energy sector, it has to be built on a firm foundation of personal privacy.

Cyber Security

Cyber security is increasingly important in protecting critical infrastructure (including the electricity system). It includes a body of technologies, processes and practices designed to protect networks, computers, programs and data from attack, damage or unauthorized access.

Cyber security standards for the bulk electric system are set through a North American-wide process led by the North American Electric Reliability Organization (NERC). These standards are adopted in Ontario and enforced through the OEB and the IESO. Transmitters such as Hydro One are required to implement and comply with the standards.

⁹⁵ See OEB Order EB-2015-0297

(<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/514364/view/>);

OEB Order EB-2016-0284

(<http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/552233/view/>);

and the SME's application for case EB-2016-0284

(http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/545198/view/SME_LtrAppLicence_20160930.PDF)

Cyber security at the distribution level is an emerging issue, and is an operational necessity for the distribution sector. It includes both the protection of customer-specific information held by LDCs and the protection of distribution-level system operations.

The Province is actively working with both the IESO and the OEB to ensure that cyber security is being implemented and that there is appropriate regulatory oversight to mitigate cyber risks and threats.

In the spring of 2017, the OEB issued a draft framework that will define cyber security guidance and reporting requirements for LDCs. LDCs will begin implementation of this framework by the end of this year.

Competitive Transmitter Selection

To help ensure least-cost solutions for transmission, the *Energy Statute Law Amendment Act, 2016*⁹⁶ enabled the IESO to use competitive processes to select companies or consortia for the construction of new transmission lines in Ontario.

As a first step in implementing the new legislation, Ontario will direct the IESO to develop a competitive selection or procurement process for transmission and identify possible pilot projects. The results of these pilots will be used to develop a procurement process that is clear, cost-effective, efficient and able to respond to changing policy, market and system needs.

Right-Sizing

When transmission and distribution utilities replace aging equipment, they can increase efficiency by right-sizing the replacements, ensuring the new investments match forecast demand and requirements. This could mean upgrading equipment in communities with growing demand, or downgrading or removing the equipment if demand has dropped.

Partners in the electricity system need to have a realistic view of the likelihood of growth, including the impact of new technologies and government policies, to ensure new and refurbished infrastructure is built to the right size.

As they exercise their respective responsibilities for planning, the Province will direct the IESO and the OEB to ensure that their processes promote a co-ordinated, streamlined and longer-term approach to the replacement of transmission and distribution assets that are at end of their lives. The approach needs to be consistent with the beneficiary pays principle, where the consumers that benefit from the asset are responsible for the costs.

Commented [AH(37): Moved here in response to MO comment on Chapter 8

⁹⁶ <https://www.ontario.ca/laws/statute/S16010>

Preserving Transmission Corridors

The Provincial Policy Statement, 2014 states that efficient patterns of land use and development are essential for healthy, livable and financially-viable communities.⁹⁷ The statement links the planning for land use and energy infrastructure by promoting the planning and protection of transmission corridors and preventing development that could preclude or limit the use of a planned corridor.⁹⁸

The Provincial Policy Statement is the foundation for the Growth Plan for the Greater Golden Horseshoe (2017) which requires the Province, municipalities and other public agencies to encourage the co-location of linear infrastructure, such as roads and transmission lines, when planning for development.⁹⁹ The Growth Plan says governments and public agencies should also ensure that existing and planned corridors are protected to meet current and projected needs.¹⁰⁰

The IESO's regional plan has identified the long-term need for a transmission corridor in the northwest Greater Toronto Area¹⁰¹ (Figure xx). A more specific route will be identified through further studies. The IESO relied on demand forecasts for the area that were based on the population and employment forecasts included in the Growth Plan.¹⁰² The transmission corridor would supply portions of the Regions of Halton, Peel and York.¹⁰³

Given the size of the forecasted growth and the distance from existing transmission lines, alternatives to a new transmission corridor are either not economical or not technically feasible.¹⁰⁴ In addition, the IESO estimates it could cost hundreds of millions of dollars to build

Commented [AH(38)]: MO Edit: Need to identify an Action here. Perhaps "The Province intends to ensure a Tx corridor is preserved"?

Response: This is TBD through ongoing discussions with MTO/MMAH

⁹⁷ See Provincial Policy Statement, Part V: Policies, 1.0 Building Strong Healthy Communities, page 6, <http://www.mah.gov.on.ca/AssetFactory.aspx?did=10463>

⁹⁸ See Provincial Policy Statement, Part V: Policies, 1.1.1 g), 1.2.1 d), 1.6.1, 1.6.8.1, 1.6.11.1, and 1.7.1 b), <http://www.mah.gov.on.ca/AssetFactory.aspx?did=10463>

⁹⁹ Growth Plan for the Greater Golden Horseshoe (2017), 3. Infrastructure to Support Growth, 3.2.5 a) Infrastructure Corridors, see page 35 and definition of infrastructure on page 74, <http://placestogrow.ca/images/pdfs/ggh2017/en/growth%20plan%20%282017%29.pdf>

¹⁰⁰ Growth Plan for the Greater Golden Horseshoe (2017), 3. Infrastructure to Support Growth, 3.2.5 b) Infrastructure Corridors, see page 35 and definition of infrastructure on page 74, <http://placestogrow.ca/images/pdfs/ggh2017/en/growth%20plan%20%282017%29.pdf>

¹⁰¹ IESO, Northwest GTA IRRP, pages 8 and 66-74, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-report.pdf?la=en>

¹⁰² IESO, Northwest GTA IRRP, page 1 and 70, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-report.pdf?la=en>

¹⁰³ IESO, Northwest GTA IRRP, page 8, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-report.pdf?la=en>

¹⁰⁴ IESO, Northwest GTA IRRP, pages 72-73, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-report.pdf?la=en>

IESO, Northwest GTA IRRP – Appendices – OPA, Assessment of the Long-Term Electricity Transmission System Requirements within Northwest GTA, November 10, 2014, page 8/11, <http://www.ieso.ca/->

underground transmission lines later on, if an overhead transmission corridor is not reserved before the area develops.¹⁰⁵

Commented [DK(39)]: Note: Changes may be required following discussions with MTO, MMAH.

[Map of GTA West Corridor will be inserted here TBD]

Transparency for Consumers on Gasoline Pricing

Gasoline prices are a major area of interest for Ontario consumers. A number of components are part of the retail price of gas, including crude oil costs, taxes, the gross refining/wholesale margin and the gross retail margin. Families and businesses have requested more information about how gasoline and diesel retail prices are set.

As a result, the Province asked the OEB in November 2016 to review the operation of Ontario's retail market for gasoline and diesel fuel. The review will focus on three main topics:

- the extent and causes of variations in retail prices over time and between one region and another in Ontario;
- how pricing and markets in Ontario compare with other jurisdictions; and
- the information available to consumers about pricing and price variations.

The OEB expects to report on its findings later this year. The province will review the OEB's report in detail and consider the information in its future decision-making.

Ontario monitors the supply and price of gasoline in the province and other jurisdictions on an on-going basis, and makes this information publicly available through the quarterly Ontario Energy Report.

Summary

- The Province will direct the Ontario Energy Board (OEB) to continue and enhance its efforts to improve the performance of local distribution companies (LDCs).
- The OEB will increase utility accountability to consumers, promote efficiencies and cost reductions, encourage partnerships, and ensure regulatory processes are cost-effective and streamlined to accommodate changing utility business models.
- Ontario will work with the OEB and LDCs to redesign the electricity bill to make it more useful for consumers in understanding and managing their energy costs.

/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-appendices.pdf?la=en

¹⁰⁵ IESO, Northwest GTA IRRP – Appendices – OPA, Assessment of the Long-Term Electricity Transmission System Requirements within Northwest GTA, November 10, 2014, page 8/11, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/northwest-greater-toronto/2015-northwest-gta-irrp-appendices.pdf?la=en>

- The Province will direct the OEB to review the standards for reliability and quality of service for transmitters and distributors and recommend options for improving the standards. It will also ask the Independent Electricity System Operator (IESO) to review how its planning and policies can improve reliability.
- The Province will direct the IESO to develop a competitive selection or procurement process for transmission, and to identify possible pilot projects.
- Ontario will look to the IESO and the OEB to promote the right-sizing of transmission and distribution assets at their end of life.
- Significant cost savings are possible if land for a transmission corridor in the northwest Greater Toronto Area is reserved before the area develops.
- Ontario will provide greater transparency for consumers on gasoline pricing through the OEB's transportation fuels review.

Commented [AH(40): MO Edit: As per earlier comment re action

Response: see comment above.

Chapter 5. Strengthening our Commitment to Energy Conservation and Efficiency

Ontario has been building a culture of conservation since 2005 and we can be proud of what has been accomplished. According to the Independent Electricity System Operator's (IESO) 2015 study on Ontario's conservation efforts, businesses are becoming more productive by investing in energy-efficiency upgrades, and residents are choosing to install energy-efficient equipment in their homes, often with the help of Ontario's suite of residential and business conservation and demand management programs. Between 2005 and 2015, the average monthly household consumption for electricity decreased from over 800 to about 750 kilowatt-hours (kWh).¹⁰⁶

Text Box: What We Heard from You

- Reaffirm and enhance commitment to Conservation First
- Improve building codes and standards

¹⁰⁶ Internal Ministry estimate based on data presented in the 2005, 2006 and 2015 OEB Yearbooks of Electricity Distributors, <https://www.oeb.ca/utility-performance-and-monitoring/natural-gas-and-electricity-utility-yearbooks>

- *Increase awareness of conservation and demand management programs and the value of conservation*
- *Ensure conservation and demand management programs are in sync with programs in Climate Change Action Plan*
- *Expand conservation to other fuels*
- *Encourage energy efficiency on the distribution system*

Energy efficiency is becoming more of a part of our everyday lives. Between 2005 and 2015, Ontario conserved 13.5 terawatt-hours (TWh) of electricity¹⁰⁷. That's equivalent to the electricity used by 1.5 million households in a year, or the amount of electricity that powered the cities of London, Kingston, Ottawa and Peterborough in 2015¹⁰⁸. During the same time, the conservation programs delivered by natural gas utilities saved about 1,900 million cubic meters of natural gas, equivalent to the natural gas used by over 860,000 homes in a year¹⁰⁹.

Since the 2013 Long-Term Energy Plan (2013 LTEP), the Province, its agencies, and electricity and natural gas distributors have been putting Ontario's Conservation First policy into effect.

Conservation and energy efficiency require a sustained commitment if they are to achieve persistent savings over the long term. Ontario is enhancing its Conservation First Framework commitment to improve affordability and choice for people, businesses and communities, and to co-ordinate its conservation programs with Ontario's climate change objectives.

Text Box: The Savings from Conservation and Energy Efficiency

Electricity			
1,013,000,000 kilowatt-hours Of energy savings achieved in 2015 through business conservation	4.1 million coupons for energy-efficient products redeemed across the province in 2015 ¹¹¹	\$2 The Province has traditionally avoided \$2 in added costs to the electricity system every time it invested	\$0.04 per kWh Cost of electricity programs in 2015, which is cheaper than most forms of new supply ¹¹³

Commented [AH(41): MO Edit: Can we change to kwh?

Response: Addressed, but looks kind of funny.

¹⁰⁷ IESO 2015 Conservation Results Report, page 15

¹⁰⁸ Electricity for Cities of Kingston and Stratford - 2015 OEB Yearbook of Electricity Distributors: http://cf.oeb.ca/oeb/Documents/RRR/2015_Yearbook_of_Electricity_Distributors.pdf

¹⁰⁹ Internal Ministry estimate developed based on data reported by Enbridge and Union for 2005-2015 DSM programs. Assumes, average Ontario home consumes 2,200m3 of natural gas per year (based on OEB data), <https://www.oeb.ca/industry/policy-initiatives-and-consultations/natural-gas-demand-side-management-dsm>

¹¹⁰ IESO 2015 Conservation Results Report, page 5

¹¹¹ IESO 2015 Conservation Results Report, page 5

¹¹² IESO 2015 Conservation Results Report, page 1

¹¹³ IESO 2015 Conservation Results Report, page 7

¹¹⁴ 2015 Natural Gas DSM Annual Verification Report, calculated based on data presented on page ii and page iv

programs ¹¹⁰		\$1 in energy efficiency ¹¹²	
Natural Gas			
Over 1.2 billion cubic metres Of natural gas savings achieved in 2015 through natural gas conservation programs for businesses ¹¹⁴ .	8,000+ Projects completed through home energy audit and retrofit programs in 2015 ¹¹⁵ .	tbd	\$0.04 per cubic metre Cost of natural gas conservation programs in 2015, which is significantly cheaper than the cost of purchasing natural gas ¹¹⁶ .

Commented [AH(42): MO edit: can we change to \$1.2 billion?

Response: Addressed

Commented [QM(43): To be provided in the next round of edits.

Getting More from Conservation

Ontario has a healthy supply of energy, with any added demand for electricity not expected to materialize until the early 2020s¹¹⁷. In this context, Ontario will continue to use conservation programs and improved efficiency standards to drive toward its long-term target of saving a total of 30 TWh of electricity by 2032, helping to offset almost all growth in electricity demand. The Province and its agencies will continue to assess the achievable potential for energy conservation, consider initiatives under Ontario's Climate Change Action Plan, and explore options to enhance the value of our existing investments in conservation.

Right now, the IESO is conducting a mid-term review of the 2015-2020 Conservation First Framework and the Industrial Accelerator Program for electricity conservation. The Ontario Energy Board (OEB) is conducting a parallel review of the Demand Side Management Framework for natural gas programs. These reviews are looking at how the programs are meeting customer needs, distributor budgets and targets for conservation savings, and alignment with Ontario's climate change objectives.

The IESO is also using the mid-term review to look at how programs can be better coordinated with local and regional electricity planning .

¹¹⁵ 2015 DSM Draft Annual Reports, calculated based on data presented on page 36 (Enbridge report) and page 16 (Union report)

¹¹⁶ Calculated based on data presented in the 2015 Natural Gas DSM Annual Verification Report and the 2015 DSM Draft Annual Reports.

Demand Response

Demand response programs reward electricity customers for reducing their electricity use when needed. Demand response provides significant value to Ontario's electricity system by enhancing the reliability of the system, as well as reducing system costs and GHG emissions. An example of demand response is a factory temporarily halting a process, or a group of residential consumers reducing their air conditioning when electricity demand is high.

The IESO has successfully transitioned away from securing demand response through multi-year contracts, instead using an annual competitive auction for demand response. The demand response auctions held in 2015 and 2016 reduced the cost of obtaining demand response by up to 27 per cent when compared to previous contracts¹¹⁸. The IESO is now working with industry partners to use demand response to better respond to times of the day when electricity demand increases or decreases.

Ontario's demand response resources have grown significantly above 2013 LTEP projections and . To further grow and evolve demand response, instead of a capacity target the Province will work with the IESO to transition the demand response auctions into the technology-neutral capacity auction, where demand response resources can compete directly with traditional generation.

Commented [CD(44):
Addressed to reflect current direction. Does MO want the graphic from the IESO deck included in the LTEP?

Ensuring a Customer-Centred Approach

The current conservation frameworks encourage electricity and natural gas distributors to collaborate to provide more efficient programs and a streamlined experience for customers. Such partnerships can offer a co-ordinated, one-window approach to energy consumers to help meet their energy management needs. Currently, 46 electricity distributors are involved in joint conservation plans, and electricity distributors are partnering with natural gas distributors to design and develop programs that cover multiple fuels¹¹⁹.

Distributors are being encouraged to develop new and innovative programs for their customers. New pilots and programs include Hydro One's Heat Pump Advantage pilot, a province-wide Business Refrigeration Incentive Program (originally developed by Alectra Utilities), Toronto Hydro's incentive program for Energy Star pool pumps, and Enbridge Gas Distribution's School Energy Competition.

For its part, the IESO has launched the first full-scale pay-for-performance program in North America. The Save on Energy Multi-Distributor Pay-for-Performance Program rewards businesses for improving their overall energy performance over a number of years. Businesses are paid for each kilowatt-hour they conserve, and are given flexibility on how they achieve

¹¹⁸ February 6, 2017 DR Update Note from IESO – Verified by email on June 23, 2017

¹¹⁹ OEB Conservation and Demand Management Report- 2015 Results, Page 3, https://www.oeb.ca/oeb/_Documents/CDM/OEB_2015_CDM_Results_Report.pdf

those savings. Ratepayers benefit as well; participants only have to file a single project application, reducing the administration costs of the program.

Text Box: Business Refrigeration Incentive

Donaleigh's Irish Public House in Barrie installed energy efficient motors on its refrigeration units and reduced its annual electricity costs by \$2,394. The project was implemented at no cost to the owner, as the Save on Energy Business Refrigeration Incentive Program covered the entire cost of \$2,536 for materials and labour. The local electricity utility, Alectra (previously PowerStream), helped identify the specific energy-saving opportunity and developed a customized Energy Action Plan for the restaurant and pub.

"This is beneficial to the company and to our environmental footprint. We try to look at our footprint and make it as small as possible."

- Don Kellett, Owner, Donaleigh's Irish Public House

PLACEHOLDER: Pictures

Text Box: Union Gas and Social Housing Haldimand Norfolk Housing Corp

Haldimand Norfolk Housing Corporation is saving \$14,000 a year and has improved tenant comfort by installing variable frequency drives on the heating systems of six rental buildings. The \$14,500 incentive through Union Gas's Affordable Housing Conservation Program covered 50 percent of the project's total cost and is reducing annual natural gas consumption by 45,000 cubic meters.

"This methodology has proven to save significant amounts of energy required to heat incoming fresh air. The resulting savings have been instant and the...incentive was able to cut the payback time in half."

- Marc Puype, Technical Services Manager, Haldimand Norfolk Housing Corporation

Expanding Home Retrofits

As part of its Climate Change Strategy, Ontario has invested \$100 million from its Green Investment Fund to help eligible homeowners who primarily heat with natural gas, oil, propane or wood¹²⁰. They can improve the energy efficiency of their homes, reduce their energy bills and cut greenhouse gas (GHG) emissions by participating in enhanced audit and retrofit programs offered by Enbridge Gas Distribution and Union Gas.

¹²⁰ "Helping Homeowners Cut Energy Bills with Retrofits and Renovations." October 31, 2016, <https://news.ontario.ca/opo/en/2016/10/helping-homeowners-cut-energy-bills-with-retrofits-and-renovations.html>

Launched province-wide in October 2016, the program is expected to allow about 37,000 additional homes to be audited and retrofitted of by 2019, and cumulatively reduce their lifetime GHG emissions by approximately 1.6 million tonnes.¹²¹

Ontario made additional improvements to the home energy audit and retrofit programs in May 2017. Partnering with Enbridge Gas Distribution and Union Gas, the IESO expanded the program to include electrically-heated homes and electricity savings measures for all participants¹²². This ‘Whole Home’ approach is now providing residential consumers with a co-ordinated one-window approach to energy efficiency improvements.

Text Box: Energy Efficiency for Your Whole Home

Incentives from the Home Energy Conservation Program allow families like the O’Haras to reduce their energy bills, increase their home comfort, and cut GHG emissions. The O’Haras upgraded their furnace, hot water heater and windows, improving the efficiency of their more than century-old home. They also added basement insulation and air sealed their home. The upgrades will reduce the O’Hara’s consumption of natural gas by 36 per cent, and cut their GHG emissions by 1.67 tonnes annually. In addition to retrofitting their home, the O’Haras installed a smart thermostat, which increases their savings by allowing them to reduce home temperatures when they are away.



Providing Choice Through Information, Tools and Access to Energy Data

Ontario is leading the way in helping consumers choose devices and technologies that can give them greater control over their energy use, and help them find opportunities to lower their energy bills.

¹²¹ “Helping Homeowners Cut Energy Bills with Retrofits and Renovations.” October 31, 2016, <https://news.ontario.ca/opo/en/2016/10/helping-homeowners-cut-energy-bills-with-retrofits-and-renovations.html>

¹²² Whole Home Pilot Program launch, <http://ieso.com/en/sector-participants/ieso-news/2017/06/whole-home-pilot-program-launch>

Smart Thermostats

Smart thermostats can be an important piece of technology for homeowners looking to reduce the costs of heating and cooling their homes as well as their carbon footprint. Smart thermostats:

- give consumers more information about their energy use;
- enable customers to use a smart phone app to remotely control the temperature of their home or small business; and
- automatically adjust the temperature to respond to changes in a customer's schedule, or to changes in the season.

To standardize incentives for the purchase of smart thermostats and expand their availability across Ontario, the Province directed the IESO in August 2017 to support the design and delivery of a province-wide rebate program for smart thermostats supported by the Green Ontario Fund.

Green Button

Ontario's Climate Change Action Plan has committed to expanding another tool, the Province's Green Button initiative.¹²³ Green Button Download My Data can give households and businesses easy electronic access to data on their energy and water consumption. Green Button Connect My Data lets households and businesses securely and automatically transfer their own data to applications of their choice. Greater access to information through Green Button will allow consumers to gain a better understanding of their energy and water use and use the information to make decisions about their energy use, such as reducing or shifting their energy use or retrofitting their home or business to improve its energy efficiency. It can also support energy reporting and benchmarking, and create new opportunities for economic development.

Ontario is committed to expanding Green Button province-wide and intends to introduce amending legislation that would, if passed, enable Ontario to require electricity and natural gas utilities to implement Green Button Download My Data and Connect My Data. In addition, Ontario will collaborate with the province's natural gas and water utilities to adapt the Green Button standard for use by their customers, and to update guidance documents for Green Button's use with electricity data.

Text Box: Green Button

"Budweiser Gardens uses Event Assist, with information gathered through the Green Button initiative, to help us better understand the hydro usage associated with the size, type and

¹²³ Ontario's Five-Year Climate Change Action Plan 2016-2020, pages 29 and 69

Commented [AH(45)]: MO Edit: Add subheading: "Open data" or "access to data" or something like that (for GB, BPS, reporting, EWRB).

Response: Addressed in section title on previous page. Also moved "Energy Benchmarking" further below so that it flows better.

Commented [LT46]: Add line about long term benefits.

Response: Overall benefits of Green Button are included earlier. Could MO advise if there is something missing that MO would like to see featured?

configuration of **each** event. This **has the capability** to change how we book events in the future, not only for our building, but within the industry. Working with the team at London Hydro has shown me what a truly professional organization they are from top to bottom.”

- Gary Turrell, Director of Operations, Budweiser Gardens

Energy Benchmarking

Ontario’s energy benchmarking and rating initiatives give people and organizations the tools and information they need to understand the energy performance of their homes and businesses, and compare it with similar buildings. They can use this information to manage their usage and costs, and justify investments in energy efficiency. 15 electricity distributors have social benchmarking programs in their Conservation and Demand Management Plans; five of them are currently being offered to electricity customers. Enbridge Gas Distribution and Union Gas are each including social benchmarking in their outreach and education programs to promote participation in their residential audits and retrofits.

Organizations in Ontario’s broader public sector are required to annually report their energy consumption and GHG emissions to the Province and make that information available to the public. Building on this success, as well as on lessons learned from similar programs in the United States, Ontario has introduced a requirement for Energy and Water Reporting and Benchmarking for large private sector buildings¹²⁴.

Starting in 2018, and phased in over three years, owners of large commercial, multi-unit residential and some industrial buildings will be required to annually report their building’s use of energy and water and its GHG emissions to the Province¹²⁵. Some of that data will be posted on Ontario’s Open Data website every year, so owners can compare the energy and water usage of their buildings with that of similar facilities, and identify where improvements can be made. The first deadline for reporting is July 1, 2018.

Access to Energy Efficiency Financing

Ontario is also exploring how to increase access to corporate financing for energy efficiency projects. The Investor Confidence Project gives financiers the information and tools they need to determine the viability of energy efficiency projects. The Project was established by the Environmental Defense Fund in the United States in 2013. The MaRS Advanced Energy Centre is partnering with the Province to pilot Investor Confidence Project protocols in Ontario and explore how they can be adapted for the Canadian market.

Raising the Bar for Energy and Water Efficiency

¹²⁴ O.reg. 20.17

¹²⁵ O.reg. 20.17

Commented [LT47]: Refer to 2013 LTEP for Green Button pic and language.

Response: MO comment is not clear. Is there a desire to reuse the Green Button graphic from page 82 of the 2013 LTEP? Or include the graphic in addition to the currently proposed call out box?

Commented [AH(48): MO Edit: 2013 LTEP pg 82 has an effective graphic on “sharing my data”. Can there be a clear visual on the offerings of Green Button now (connect & download my data)?

Response: CRED will work with Comms to develop this.

Ontario continues to play a leading role in improving the energy efficiency of the equipment in our homes, offices and factories. Since 2013, the Province has improved or set new energy efficiency standards for over 60 products. The gains in energy efficiency not only endure, but have helped consumers save on their energy bills. In addition, economies of scale have lowered the cost of the technologies, making them more popular, affordable and more available than ever before.

A 2016 amendment to the *Green Energy Act, 2009* now allows Ontario to regulate the water efficiency of products that consume both energy and water. As a result, the province is now on a path to achieve more efficient use of water, even greater energy savings and reductions in greenhouse gas emissions.

Text Box: “Did You Know?”

In 2032, the most recent efficiency standards for clothes washers in Ontario are expected to save:

- the amount of water that flows over Niagara Falls in 2.75 hours
- the annual electricity consumed by the City of Stratford in 2015

Ontario will continue to set advanced efficiency standards for products and appliances and work with other provinces and the federal government to harmonize and raise the bar for energy and water efficiency standards.

Efficiency Standards for Drinking Water and Wastewater Treatment Plants

Ontario is exploring opportunities to set or update energy efficiency standards for key electrical equipment in drinking water and wastewater treatment plants. As Ontario’s Climate Change Action Plan pointed out, this would help municipalities to save on their electricity bills by reducing one of their largest uses of electricity.

Text Box: Waste Water

“Municipal water and wastewater services are typically one-third to one-half of a municipality’s total electrical use, so there is potential for reductions in both costs and emissions.”

CCAP 2016, pg. 83

Commented [LT49]: Add content about CES and EMMC here

Response: CES and EMMC content is not relevant/applicable to this section, since efficiency standards for WWTP and DWTPs were not considered nor discussed by CES and EMMC.

Expanding the Scope of Conservation

Ontario is expanding the scope of conservation to ensure that all participants in the energy sector embed the Conservation First policy in their day-to-day operations and help Ontario reach its GHG targets.

Text Box: In Front of the Meter Conservation

In-front-of-the-meter conservation (IFMC) technologies reduce line losses and optimize voltage levels. Local distribution companies deploy them on their distribution networks to save electricity and reduce their peak demand.

Ontario and its agencies have taken important steps to implement the Conservation First policy when planning to meet regional and local needs for electricity and natural, and are exploring how to further integrate this policy into their planning processes (see Chapter 8). During the LTEP consultations and engagements, local distribution companies and technology vendors expressed interest in using IFMC technologies as a tool to help meet electricity conservation targets and reduce peak demand.

Several pilots across North America have demonstrated the potential benefits of deploying IFMC technologies, and the Smart Grid Fund and the Conservation Fund have or are now supporting pilots in Ontario. A recent study commissioned by the Province estimated they can be cost-effectively deployed on 30 per cent of Ontario's electricity distribution networks¹²⁶.

The Province and its agencies will encourage distributors to make their networks more energy efficient, by allowing them to use the electricity savings from IFMC measures to meet their targets for electricity savings under the Conservation First Framework. IFMC project costs will continue to be funded through distribution rates, and subject to the OEB's review process. The OEB will also identify steps for pursuing further conservation on the distribution system.

Integrating Conservation and Climate Change Programs

Ontario's Climate Change Action Plan emphasized the need to increase the use of low-carbon technology, such as solar panels and heat pumps, in homes and businesses. Several programs to increase energy choices for Ontarians are being introduced this year, funded by the proceeds from the **carbon market**.

A new agency, the Green Ontario Fund, will help Ontarians move to a low-carbon future by offering them incentives, financing and services to increase the use of technologies that reduce GHG emissions. The Green Ontario Fund website provides a co-ordinated one-window

¹²⁶ 2017 Navigant Report – Considerations for Deploying IFMC Technologies in Ontario, Page 6

approach where Ontarians can get help, information and access to its programs, as well as to other conservation and renewable energy programs in Ontario. [Web launch August 30 2017]

Commented [AH(50)]: Confirmed date of launch with MOECC

Green Ontario Fund programs are building on the success of the province's existing conservation and energy efficiency programs, providing Ontarians with more opportunities to reduce their energy costs and carbon footprint. The IESO will be a delivery partner for certain Green Ontario Fund programs to help promote an efficient and customer-focused approach.

Ontario will work with its agencies to explore further integration of conservation and low-carbon technology programs for both electricity and fuels.

Text Box: Behind the Meter Generation

Behind-the-meter generation refers to on-site generation projects where the electricity generated is used within a facility. Under the IESO's current conservation program rules, behind-the-meter generation projects include combined heat and power and waste energy recovery.

Under current conservation programs, combined heat and power projects that use fossil fuels to generate electricity on-site have been eligible for incentives because they can significantly reduce demand on the electricity grid.

To help meet Ontario's climate change goals, these projects will no longer be eligible under the Conservation First Framework and the Industrial Accelerator Program (IAP), starting July 1, 2018. The deadline coincides with the end of the mid-term review of both the Framework and IAP.

Because of their energy efficiency and environmental benefits, waste energy recovery projects and projects that use renewable energy, such as solar thermal water heating or biomass fuel for boilers, will continue to be eligible for funding under the Conservation First Framework and the Industrial Accelerator Program. Electricity distributors may also develop incentive programs for energy storage systems that are integrated with a customer's own renewable energy project. When added to on-site renewable generation, energy storage systems can provide reliability and help customers reduce their demand when prices are highest. This can help reduce peaks in demand on the local and provincial systems.

Summary

- The transition to a capacity auction will expand the use of demand response as a system resource, enabling it to compete directly with traditional generation.
- Ontario will continue to set advanced efficiency standards for products and appliances and will explore setting or updating energy efficiency standards for key electrical equipment in drinking water and wastewater treatment plants.
- The Province and its agencies will further encourage distributors to pursue conservation on their distribution systems to achieve customer electricity and cost savings.

- The Green Ontario Fund will provide energy consumers with a co-ordinated, one-window approach to encourage conservation across multiple energy sources and programs.
- Beginning July 1, 2018, combined heat and power projects that use fossil fuels to generate electricity will no longer be eligible for incentives under the Conservation First Framework or the Industrial Accelerator Program. Waste energy recovery projects will continue to be eligible, as will renewable energy projects, including those paired with energy storage systems.
- Ontario is committed to expanding Green Button province-wide and intends to introduce amending legislation that would, if passed, enable Ontario to require electricity and natural gas utilities to implement Green Button Download My Data and Connect My Data.

Chapter 6. Responding to the Challenge of Climate Change

Ontario is taking a leading role in Canada and abroad in the global fight against climate change. The energy sector has two key roles in meeting the challenge. The robust supply of electricity will play a central role in assisting the transition to a clean economy. At the same time, we must strengthen our energy infrastructure and make it more resilient to lessen the damage that climate change can cause.

What We Heard from You

- *Support increased electrification of transportation*
- *Support options for home storage, including EV batteries*
- *Microgrids can help resiliency and northern communities*
- *Customers will decide which technologies work best*
- *Modernize regulations and rate designs*
- *Integrate conservation programs with initiatives announced in the Climate Change Action Plan*
- *Government support needed for research and development*
- *Distributed generation will transform conventional networks*
- *Introduce renewable natural gas into Ontario's natural gas supply*

Ontario's cap and trade program came into effect on January 1, 2017. The cap and trade program is a flexible, market-based program that sets an annual cap for greenhouse gas (GHG)

Commented [LT51]: Use (an updated) jurisdictional supply mix map from 2012 LTEP.

Response: Will be added in next iteration.

Commented [LT52]: Add stats about health savings.

Response: Recommend against citing the 2005 study as it is now over 10 years old.

Commented [LT53]: REWRITE MC

Response: Need further clarification from MO, to be addressed in future iteration

emissions, with the targets becoming more stringent over time. The cap will be lowered each year to enable Ontario to meet its GHG reduction targets.

Cap and trade creates a market to provide incentives to reduce emissions. Large emitters must have enough allowances to cover their emissions. Companies that emit more than their allocation can buy additional allowances through government auctions or from other companies that have more allowances than emissions. Some companies are currently allocated free allowances in recognition of their exposure to international trade and/or the amount of energy they need to use.

Under the *Climate Change Mitigation and Low-Carbon Economy Act, 2016*, proceeds from Ontario's cap and trade auctions will be used to reduce the province's GHG emissions by helping Ontarians shift away from higher carbon fuels and reduce their energy consumption. Ontario's Climate Change Action Plan is investing up to \$8.3 billion over five years to fight climate change, reduce greenhouse gas pollution and transition to a low-carbon economy¹²⁷.

Putting a price on carbon through cap and trade will have a significant impact on the operation of the electricity market in Ontario. It will encourage a transition away from the use of fossil fuels to generate electricity to **clean imports and generation** that are free of GHG emissions. It will also encourage more efficient natural gas generation. As Ontario moves forward with Market Renewal, the cost of carbon will become increasingly important in the economics of electricity generation projects, and become a factor in their success in a capacity auction. Market Renewal will help create a framework that has the potential to effectively incorporate emerging clean technologies into our supply mix.

Together, cap and trade and Market Renewal initiatives can help to ensure electricity sector emissions remain well below historical levels, while also helping to meet our climate change and GHG reduction commitments.

Building on a Clean Electricity System

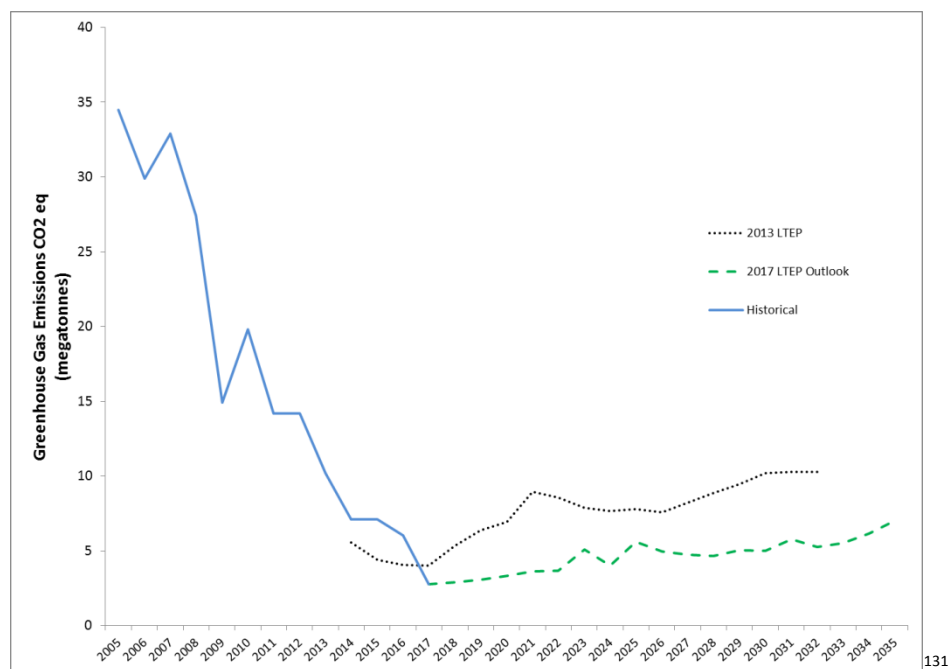
About 90 per cent of the electricity used in Ontario in 2016 was free of GHG emissions, generated from sources such as water, nuclear, wind, solar and bioenergy.¹²⁸ Our investments in these types of clean generation sources, along with the elimination of coal-fired electricity generation, have significantly reduced GHG emissions in the province. Thanks to these investments, our electricity sector currently accounts for only about two per cent of the province's total GHG emissions¹²⁹ and emissions are forecast to be more than 80 per cent

Ministry of the Environment and Climate Change, Needed 2016-2020 Climate Change Action Plan, p.8

¹²⁸ IESO, Power Data – Supply Overview - <http://www.ieso.ca/power-data/supply-overview>

IES

below 1990 levels in 2017¹³⁰. As seen in figure X below, emissions are forecasted to remain well below historical levels and to be relatively flat over the planning period.



These actions have decarbonized our electricity sector significantly, meaning that we are well positioned to help the province move towards a low-carbon economy and to focus on the goal of bringing economy-wide emissions down towards meeting the CCAP targets. Our clean and reliable electricity system gives us the strong base needed to pursue the increased electrification of other sectors of our economy such as the use of more electric vehicles.

It will also allow us to combine different energy sources into integrated energy systems that provide new services for homeowners and businesses. Natural gas will continue to play a critical role in space and water heating, but we must use it as efficiently as possible and supplement it with the next generation of clean energy technologies, such as ground-source and air-source heat pumps. Proceeds of Ontario's cap and trade auctions will help fund the further application of these technologies. By making the best use of our existing energy sources

Commented [LT54]: Replace with line about space heating.

Response: Adding language on space heating would be inconsistent with the assumptions made in the 2017 LTEP. Recommend staying with RNG as it is expected to make up significant amounts of the emissions reductions in current modelling.

¹³⁰ IESO, Ontario Planning Outlook forecast and Environment Canada and Climate Change National Inventory Report (NIR). Will need to be confirmed with IESO once updated modelling for 2017 LTEP is finalized.

¹³¹ IESO, Modelling Update to baseline data for the 2017 LTEP (Updated Outlook)

and infrastructure, a more integrated energy system will allow Ontario to chart the most effective course for achieving our GHG emissions reduction goals.

Renewable Energy Success

Ontario is Canada's leader in installed wind and solar power. There is more wind and solar capacity in Ontario than in any other province or territory. When you add hydroelectric generation and bioenergy into the mix, renewables accounted for 40 per cent of Ontario's electricity supply mix in 2015, up from 26 per cent in 2005¹³². Currently, Ontario has over 18,300 megawatts (MW) of wind, solar, hydroelectric and bioenergy generation capacity in operation or under development¹³³.

Ontario's introduction of the Large Renewable Procurement (LRP) process beginning in 2014 resulted in strong competition between developers of large renewable projects, which drove down price and secured clean, reliable generation for the province. The results of the first phase (LRP I) demonstrated significant reductions in the costs of wind and solar energy, which will result in savings for electricity ratepayers.

The results of the final Feed-in-Tariff (FIT) procurement were announced on [Date TBD] and will add XXXMW of clean renewable generation to the province's supply mix. To reflect the decreasing costs of equipment and ensure value to ratepayers, prices paid for new electricity from FIT and microFIT projects have been reduced between 50 and 75 per cent since 2009.

As a result of annual price reviews, revised procurement totals and the introduction of competitive procurement for large renewable energy projects, the FIT, microFIT and LRP I initiatives are expected to cost at least \$3 billion less than forecast in the 2013 LTEP.

A highlight of Ontario's renewable energy programs has been the success that individuals, schools, municipalities, co-operatives and Indigenous communities have had in participating in clean energy projects. In the last FIT procurement, FIT 4, 74 percent of successful applications had Indigenous, municipal, public sector or community participation. From smaller home or farm-sized projects to larger community-scale projects, Ontarians are using renewable energy to meet their community's electricity needs and reduce their demand on the provincial electricity grid.

Commented [AH(55): MO Edit: Add in community points statistics from FIT 5 when available. If not can use FIT 4.

Response: FIT 4 language added.

Text Box: Communities Benefitting from Renewable Energy

The Municipality of Chatham-Kent has received significant benefits for hosting a number of wind energy projects, including:

South Kent Wind - \$14 million over 20 years.

¹³² From IESO Ontario Planning Outlook, Sept. 2016

¹³³ IESO Supply Data of December 31, 2016

- \$9 million over 20 years.

Romney Wind - \$4 million over 20 years.

These companies have invested heavily in the social fabric of the community through partnerships with local organizations for sponsorship of community projects such as splash pads. Chatham-Kent is also widely recognized as one of Ontario's leading green energy communities.

First item in text box above¹³⁴

Second item in text box above¹³⁵

Third item in text box above¹³⁶

All items in LRP I box above¹³⁷

Commented [CRED56]: For MO: Is Mayor Hope still intending to provide updated information?

Commented [AH(57)]: MO Edits: Review the dollar figures. Can we roll up one section – list projects, benefits over 20 years?

Response: Addressed. Awaiting appropriate photo from Chatham-Kent.

Ontario's renewable energy policies have made our electricity supply mix cleaner, and are providing real benefits for communities and municipalities. Recognizing this success, *Delivering Fairness and Choice* is focused more on outcomes than mandating targets and technologies. With a solid foundation of electricity provided by renewable energy, Ontario can now focus on new opportunities for innovation, modernization and exporting our expertise. **We remain** committed to having an electricity system where renewable energy generation continues to play an essential role, while supporting the goals of the Province's Climate Change Action Plan.

Wind

Wind power has become an important source of clean electricity for Ontario. In 2003, there was only 15 MW of installed capacity in Ontario, compared with 4,800 MW today. That is enough wind energy to power approximately 1.4 million homes each year. Today, turbines use state of the art controls to adjust their blades and orientation to get the maximum output of energy in changing wind conditions.¹³⁸ **Since 2013, the IESO has been able to send instructions to renewable energy generators to stop producing electricity at certain times, when it is not required to meet provincial needs. Actively controlling wind energy generation results in more efficient operation of the electricity system, and helps minimize costly nuclear shutdowns and the corresponding use of replacement natural gas-fired generation.**¹³⁹

Solar

¹³⁴ IESO FIT website - <http://www.ieso.ca/-/media/files/ieso/document-library/fit/archive/fit-newsroom-archive-2016.pdf?la=en>

¹³⁵ H02 ABORIGINAL PARTICIPATION IN ONTARIO'S ENERGY SECTOR

¹³⁶ IESO bi-weekly report on microFIT program – 25,739 microFIT projects connected to the grid as of June 23, 2017 <http://www.ieso.ca/en/get-involved/microfit/news-bi-weekly-reports>

¹³⁷ <http://www.chatham-kent.ca/Council/CouncilMeetings/2015/Documents/March/Mar-23-10a.pdf>

¹³⁹ IESO Website, 2016 Year-End Data - <http://www.ieso.ca/corporate-ieso/media/year-end-data>

Ontario has become a North American leader in the development of solar photovoltaic (PV) systems with over 2,300 MW of capacity online, enough to power about 300,000 homes each year¹⁴⁰. Solar power can help the electricity system to meet Ontario's needs on hot and sunny days, when air conditioning use is highest. Advances in solar PV technology have seen improved performance¹⁴¹ and a significant decline in costs¹⁴², resulting in more cost-effective solar generation. Solar PV systems also support ongoing modernization of the grid. Solar PV systems can be large or small, and can be located close to where electricity is needed. They can also be paired with other innovative technologies like energy storage. These advantages mean that solar PV will continue to be a valuable asset for Ontario's distribution systems, and can help improve the operation of the electricity grid in the future.

Hydroelectric

Most of Ontario's renewable energy supply continues to come from the province's hydroelectric facilities, which provided 24 per cent of Ontario's total generation in 2016¹⁴³. Ontario has approximately 8,800 MW of installed hydroelectric capacity. Older hydroelectric projects can be redesigned to improve performance by using new, more efficient turbines.

Bioenergy

Bioenergy is another word for electricity generated by burning biomass, such as plant or animal by-products and wastes. It also describes biogas and landfill gas, which is methane gas produced by the decomposition of organic matter that is then burned in a generator to produce electricity. Ontario currently has about 500 MW of bioenergy generation capacity in operation. Going forward, the shift toward Renewable Natural Gas (a low-carbon fuel produced by the decomposition of organic materials) presents an additional market opportunity for biogas producers. Bioenergy systems also support the implementation of Ontario's Strategy for a Waste-Free Ontario.

Shifting to Lower Carbon Gasoline and Diesel

Delivering Fairness and Choice recognizes the commitment in the Climate Change Action Plan to introduce a Renewable Fuel Standard (RFS) for gasoline. This is an important step towards reducing GHG emissions from the transportation sector. Since it uses the existing fuels infrastructure, this standard is one of the more flexible and cost-effective ways to increase the use of renewable and low-carbon fuels.

¹⁴³ IESO transmission connected wind generation, 2016. <http://www.ieso.ca/power-data/supply-overview/transmission-connected-generation>

The use of renewable and low-carbon transportation fuels can be expanded by:

- increasing the use of renewable liquid fuels by existing vehicles. Drop-in fuels such as ethanol can be mixed with gasoline to produce blended fuels and can be used the same way as regular gasoline;
- having existing fuel stations offer higher blends of ethanol and biodiesel;
- making renewable liquid fuels available to more regions of the province;
- adding bio fuels to the crude oil that Ontario refineries process; and
- lowering the carbon intensity of renewable fuels produced by Ontario manufacturers.

Delivering Fairness and Choice acknowledges there are other ways to achieve deep reductions in emissions and transform the transportation sector. While current outlooks predict an increased electrification for light-duty vehicles and the use of advanced bioenergy for long-haul road freight and aviation, technological innovation remains inherently unpredictable. The technology-neutral approach of the RFS lets the alternatives compete on their merits.

Shifting to Renewable Natural Gas

Natural gas remains a reliable and cleaner option for many Ontarians, and will continue to play an important role in the province's energy supply mix. Homeowners, businesses and industries use natural gas for space heating, domestic hot water, steam and process heat. There were about 3.5 million natural gas customers in Ontario in 2016.¹⁴⁴ Natural gas was also used to generate about 10 per cent of Ontario's electricity in 2015.¹⁴⁵

Ontario is looking at using renewable natural gas to lower the carbon intensity of the natural gas people burn. RNG is a low-carbon fuel produced by the decomposition of organic materials found in landfills, forestry and agricultural residue, green bin and food and beverage waste, as well as in waste from sewage and wastewater treatment plants. Because it comes from organic sources, the use of RNG does not add any additional carbon to the atmosphere. As an added benefit, it can use the existing natural gas distribution system and replace the use of conventional natural gas in today's stoves and furnaces.

Ontario is investing proceeds from the **carbon market** to help introduce RNG in the province.¹⁴⁶ The investment will help consumers with the cost of shifting to renewable natural gas, as RNG costs more than conventional natural gas. The Province will continue to work with industry

¹⁴⁴ 2016 Annual Report of the Office of the Auditor General of Ontario, pp. 89-90. Accessed June 29, 2017: http://www.auditor.on.ca/en/content/annualreports/arreports/en16/v2_107en16.pdf

¹⁴⁵ *Fuels Technical Report*, pp. 7.

Ontario Planning Outlook, pp. 2. Accessed June 29, 2017: www.ieso.ca/-/media/files/.../ontario.../ontario-planning-outlook-september2016.pdf

partners and the Ontario Energy Board (OEB) to introduce a requirement that natural gas contain some renewable content, fulfilling a commitment of the Climate Change Action Plan.

RNG can be an Ontario-made source of energy. Some types of RNG like biogas from landfills or agricultural waste are technically feasible today. In the longer term, RNG may be produced by biomass from forestry residue.

Integrated Energy Solutions

Renewable energy technologies can be the foundation for innovative integrated clean energy systems that provide the space heating, cooling, and energy storage solutions that help to address the challenges facing our electricity system.

Power-to-Gas

Electrolysis, also known as power-to-gas, uses surplus electricity to break down water molecules into hydrogen and oxygen. The hydrogen can then be stored in the vast storage system that currently exists for natural gas in Ontario and transported in existing natural gas pipelines and used to heat homes and fuel vehicles.

Power-to-gas could potentially become a new link between the province's electricity system and its natural gas system. The Independent Electricity System Operator (IESO) recognizes this, and has already awarded a contract to Hydrogenics, an Ontario-based manufacturer of electrolysis and fuel cell technology, which will deliver two MW of storage capacity in the Greater Toronto Area.¹⁴⁷

Heating and Cooling with Renewable Energy Technologies

Ontario aims to reduce greenhouse gas emissions by increasing the use of low-carbon technology such as solar thermal, air and ground-source heat pumps to heat and cool Ontario homes and businesses.

This has the potential for a big payoff in the fight against climate change. Space heating accounts for approximately 75 per cent of the demand for fuels energy in Ontario homes¹⁴⁸, making it an important area to target for reducing GHG emissions.

¹⁴⁷ Source: Hydrogenics Selected for 2 Megawatt Energy Storage Facility in Ontario.
<http://www.hydrogenics.com/about-the-company/news-updates/2014/07/25/hydrogenics-selected-for-2-megawatt-energy-storage-facility-in-ontario>

¹⁴⁸ Source: Hydrogenics Selected for 2 Megawatt Energy Storage Facility in Ontario.
<http://www.hydrogenics.com/about-the-company/news-updates/2014/07/25/hydrogenics-selected-for-2-megawatt-energy-storage-facility-in-ontario>

Commented [LT59]: Pare down and add visuals.

Response: Visuals to come.

The Province will continue to work with its agencies, including the IESO and the Green Ontario Fund, to encourage the deployment of thermal and alternative technologies for residential, commercial, industrial and institutional buildings. They will plan how to integrate the technologies and the delivery of conservation and low-carbon technology programs into the province's energy system.

Solar Air and Hot Water Heating

Solar hot water systems use the energy from the sun to heat 40 to 60 per cent¹⁴⁹ of a building's domestic or commercial hot water needs. Solar air systems capture air warmed by the sun and circulate it to heat buildings.

Ground Source and Air Source Heating and Cooling

Ground-source heat pumps, also known as geothermal energy systems, use buried pipes to absorb heat from the ground and transfer it to a home or building, reducing heating bills by up to 70 per cent.¹⁵⁰ Air-source heat pumps take air from outside, extract the heat and transfer it to the air inside a home or building. An energy pump, running on electricity, concentrates the heat from both sources, and moves it to where it is needed. The same systems can also be used to provide cooling in the summer; and more advanced air-source systems can even provide domestic water heating.

Starting in July 2017, the Save on Energy Heating and Cooling Incentive program began offering incentives of up to \$4,000 to help those who work or live in electrically-heated homes and businesses to purchase and install air-source heat pumps¹⁵¹.

District Heating and Cooling

District energy systems generate and supply heating and cooling, domestic hot water and electricity for blocks or neighborhoods in a community.

¹⁴⁸ Source: Fuels Technical Report: The State of the System: 10-Year Review

<http://www.energy.gov.on.ca/en/archive/fuels-technical-report/10year/#fn8a>

¹⁴⁹ Richardson, D. (2013). Solar Heat – Sustainable Future: Clean Energy Solutions for Canada. Page 8, Retrieved from

http://www.cansia.ca/uploads/7/2/5/1/72513707/20140129_cansia_solar_heat_sustainable_future.pdf

¹⁵⁰ An Examination of the Opportunity for Residential Heat Pumps in Ontario, page 30 (IESO, February 28, 2017), <http://www.ieso.ca/sector-participants/conservation-delivery-and-tools/conservation-first-framework>.

¹⁵¹ Source Needed Save on Energy Heating & Cooling Incentives, <https://saveonenergy.ca/Consumer/Programs/HVAC-Rebates.aspx>

District heating and cooling can use local energy resources to reduce GHG emissions, such as biomass, **geothermal energy (heating and cooling from the earth)** and mechanical waste heat from industrial operations. The best opportunities for district energy are in new residential or commercial developments not served by existing gas pipelines or distribution networks. District energy systems can be more cost-effective than providing heating and cooling systems for each individual building, when used in more densely populated areas.¹⁵²

Text Box: Enwave Energy Corporation

Enwave Energy Corporation is a Toronto-based company that provides sustainable energy services in Toronto, Windsor, and numerous American cities, including Chicago, Houston, Los Angeles and Portland. In each community, the company operates highly efficient thermal energy plants that distribute steam, hot water and/or chilled water to customer buildings. Customers benefit from reduced operating costs, lower emissions, and increased reliability.

Enwave's Toronto System

Enwave sells more than 2.5 billion pounds of steam every year to 140 commercial, government, hospital, university, and residential buildings in downtown Toronto, heating over 40 million square feet of real estate.

Enwave's London System

Provides 60 large commercial and institutional customers in downtown London with 200,000 pounds of steam an hour and up to 4,200 tons of chilled water. It also cogenerates up to 18 MW of electricity and sells it to the grid.

Near and Net Zero Carbon Emission Buildings

Ontario's Climate Change Action Plan aims to reduce emissions in the building sector by encouraging the building of near net zero and net zero carbon emission homes and buildings. To help create a pathway to these new building standards, the electricity and natural gas conservation frameworks will continue to support the development and enhancement of high efficiency, low-carbon homes and buildings, and new programs will be offered through the Green Ontario Fund.

Advanced efficiency standards will be set for products and appliances used in new and existing homes and buildings. New high-performance standards for space and water heating equipment could significantly reduce the energy use and greenhouse gas emissions of new and existing homes and buildings and lower consumers' energy costs and environmental footprint

Commented [AH(60): MO Edit: West 5?

Response: Didn't originally include a profile of Sifton/West 5, since it isn't yet built (ie. risk that the project may not end up meeting all of their sustainability goals). Reid's Heritage Homes was seen as a safer choice, since it was already built.

However, if MO wishes to include Sifton/West 5, we have re-inserted a text box that was previously developed. West 5 text box content has been approved by Sifton Properties Limited.

MO to confirm.

¹⁵² Why District Energy? UNEP. <http://www.districtenergyincities.org/why-district-energy>

Together with other provinces and the federal government, Ontario is exploring opportunities to develop markets for high efficiency products and appliances in order to implement these new standards. For example, markets have to be developed for space heating technologies that are more than 100 per cent efficient, such as air source heat pumps¹⁵³.

An important part of transitioning to near and net zero energy or carbon emission buildings is to minimize their energy use. Generally, the most cost-effective way is to first improve their energy efficiency, with increased insulation, advanced air sealing, and high efficiency heating and cooling systems. Once that has been done, some type of on-site renewable energy generation is generally required to achieve net zero energy or carbon emission status. Ontario is taking steps to expand and enhance the province's net metering framework, which would give building owners increased opportunities to integrate renewable energy generation and energy storage technologies.

Text Box ¹⁵⁴ Reid's Heritage Homes – Guelph

Reid's Heritage Homes built five net zero homes in Guelph in 2016. These homes were the first in Canada to meet new net zero home standards set up by the Canadian Home Builders' Association.

Key features include:

- *air source heat pumps;*
- *high efficiency water heaters;*
- *increased insulation values in exterior walls, attic and basement;*
- *advanced air sealing to avoid air leakage;*
- *right sized mechanicals and energy recovery ventilators; and*
- *solar panels*

¹⁵³

Market transformation strategies for energy-using equipment in the building sector, Supporting the transition to a low-carbon economy, Energy and Mines Ministers' Conference St. Andrews by-the-Sea, New Brunswick, August 2017

http://www.nrcan.gc.ca/sites/www.nrcan.gc.ca/files/emmc/pdf/Market-Transformation-Strategies_en.pdf

¹⁵⁴ <http://www.reidsheritagehomes.com/net-zero> and <http://www.cbc.ca/news/canada/kitchener-waterloo/reids-heritage-net-zero-homes-incentives-1.3707640> Reid'sReid'sReid'sReid'sReids

Source: <http://www.coragroup.com/project/evolv1/> (to be approved by The Cora Group)

Source: <http://west5.ca/> and <http://london.ctvnews.ca/provincial-officials-visit-ontario-s-first-net-zero-community-in-london-1.3272767#> (to be approved by Sifton)

Text Box *West 5 – Sifton Properties Limited - London*

The West 5 development in London is Ontario's first sustainable, net zero community. It will have a total of 2,000 apartments, condominiums and townhomes along with 400,000 sq. ft. of commercial and retail space, and a 1.6-acre central park. Construction of West 5 will create about 2,500 jobs over 10 years.

Key features include:

- *Solar panels and solar streetlights*
- *Solar parkades*
- *Green roofs*
- *EV charging stations*
- *Community gardens*
- *Rainwater harvesting*

Climate Change Adaptation

Ensuring a Resilient Energy Supply

Ontarians need to have a reliable supply of energy, not just for their economic prosperity but for their basic health and safety. In order to provide vital energy services to Ontarians, the province's energy system must remain resilient and able to withstand a changing climate.

The facilities and equipment that currently generate, transmit and distribute energy across the province can be threatened by the extended heat waves, high winds, severe rainfall and ice storms that come with climate change. Climate change may also change the flows of rivers and the water levels and temperatures of lakes, possibly reducing the ability to generate electricity.

To address these concerns, Ontario's energy organizations are taking a number of actions that will ensure the province's energy system is better prepared to meet extreme weather events:

- Together with several partner organizations, the IESO studied¹⁵⁵ Ontario's transmission system and found it resilient enough to substantially withstand most extreme weather scenarios. However, the study recommended continued monitoring and refinement of climate scenarios.
- More local distribution companies are making adaptation and system resilience a priority. Both Toronto Hydro and the former Horizon Utilities (now Alectra Utilities) conducted vulnerability assessments of their systems. A leader in this regard in Canada, Toronto Hydro is addressing climate change vulnerabilities by enhancing its engineering

¹⁵⁵ Ontario Climate Consortium et al. (2015). Climate Change Vulnerability Assessment of Ontario's Electrical Transmission Sector: Public Technical Report

practices and tools, such as its load forecasting model, and installing more resilient equipment on its system. In its last rate application, Toronto Hydro submitted a report on the future impacts of climate change on its grid, and identified extreme weather as a driver for its capital and maintenance expenditures.¹⁵⁶

- Local distribution companies such as Oshawa PUC, Veridian and Whitby Hydro are developing adaptation plans to match the adaptation planning done by transit, water and communications authorities at the local level.¹⁵⁷

Building on its current activities, Ontario will strengthen the ability of the energy industry to prepare for the effects of climate change and integrate its impacts into operational and infrastructure planning.

The Province and its agencies will facilitate information and knowledge exchange among utilities and other partners to allow them to share best practices and increase their ability to adapt to climate change. Since these activities are best coordinated with other public services, Ontario will encourage utilities to work with municipalities and other public and private infrastructure operators. This knowledge-sharing platform will be a key first step to help with the following initiatives:

- The Province will help develop a vulnerability assessment of the energy distribution sector so utilities can develop state-of-the-art strategies to manage risk. This will complement the vulnerability assessment done of the transmission system in 2015.
- As part of its regulatory review, the OEB will give utilities guidance on cost-effectively integrating climate change adaptation into their planning and operations. The IESO will ensure that climate change adaptation is considered and integrated into the bulk system and regional planning processes.

Text Boxes: Adaptation Initiatives by Local Distribution Companies

*Building on its distribution system vulnerability assessment, Horizon Utilities, now part of Alectra Utilities, developed a long-term plan for adapting to climate change. The plan considers the risk of flooding when planning infrastructure, and the utility's improved geographic information and outage management system reduces response times.*¹⁵⁸

¹⁵⁶ Canadian Electricity Association (2016). Adapting to Climate Change: State of Play and Recommendations for the Electricity Sector in Canada https://electricity.ca/wp-content/uploads/2016/02/Adapting_to_Climate_Change-State_of_Play_and_Recommendations_for_the_Electricity_Sector_in_Canada.pdf

¹⁵⁷ Durham Region (2016). Towards Resilience: Durham Community Climate Adaptation Plan 2016.

¹⁵⁸ Chartered Professional Accountants of Canada (2015). Adaptation Case Study #5: Horizon Utilities Corporation <https://www.horizonutilities.com/ourCompany/publications/Articles/2015/Climate-Change-Adaptation-Case-Study-5-Horizon-Utilities-Corporation-October-2015.pdf>

Hydro Ottawa focused its storm hardening initiative, completed in 2015, on revising the schedule for removing and trimming overhanging tree branches. As a result, public safety has been increased, the distribution system is less vulnerable to damage from high winds and ice storms, and the company's budget for vegetation management was reduced by \$750,000.¹⁵⁹

Summary

- Ontario remains committed to an electricity system that includes renewable energy generation and supports the goals of the Province's Climate Change Action Plan.
- Ontario will encourage near net zero and net zero carbon emission homes and buildings to reduce emissions in the building sector.
- The Province will continue to work with its agencies to support the deployment of low-carbon energy technologies and consider further opportunities to integrate the delivery of conservation and low-carbon technology programs.
- Ontario is expanding the options for net metering to give building owners better opportunity to integrate renewable energy generation and energy storage technologies.
- Advanced efficiency standards will be set for products and appliances used in new and existing homes and buildings. This will reduce their energy use and GHG emissions and enable near and net zero carbon emission homes and buildings.
- Ontario will continue to work with industry partners to introduce renewable natural gas into the province's natural gas supply and expand the use of lower-carbon fuels for transportation.
- Building on its current activities, Ontario will strengthen the ability of the energy industry to anticipate the effects of climate change and integrate its impacts into operational and infrastructure planning.

Chapter 7. Supporting First Nation and Métis Capacity and Leadership

Text Box: What We Heard from You

- *Need to connect remote communities*
- *Unreliable electricity service hurts quality of life and hinders community development*
- *Eliminate the on-reserve electricity delivery charge to improve electricity affordability*
- *Need for funding to assist with implementing Community Energy Plans*
- *Conservation programming should better meet community needs*
- *General preference for renewable energy over nuclear*
- *Desire for First Nation and Métis ownership of and partnerships on projects*
- *Need for federal funding for connection of remote communities*

¹⁵⁹ Hydro Ottawa (2015). 2015 Annual Report. At <https://static.hydroottawa.com/documents/publications/annual-report/2015-Annual-Report-EN.pdf>

First Nations and Métis are leaders in Ontario's energy sector, bringing their unique perspectives, knowledge and leadership to energy planning, projects and policies. This level of involvement of First Nations and Métis in the energy sector is unprecedented:

- First Nations and Métis are now leading or partnering on over 600600 wind, solar, and hydroelectric generation projects across Ontario, accounting for over 2,100 megawatts (MW) of clean energy capacity.¹⁶⁰
- First Nations and Métis lead or are partners with transmission companies on several proposed major priority transmission lines.
- Nearly 100 First Nations are participating in the Independent Electricity System Operator's (IESO) Aboriginal Community Energy Plan program.¹⁶¹ These community-led energy plans assess a community's current energy needs and priorities and explore options for conservation and renewable energy.¹⁶²

Ontario takes its duty to consult First Nation and Métis seriously and is committed to ensuring that First Nations and Métis are consulted on any energy activity that could potentially affect their Aboriginal and Treaty rights.

Many First Nations and Métis across Ontario face energy-related challenges: the need for reliable and affordable power, energy-inefficient housing and inadequate infrastructure to name just a few. The causes and solutions to these challenges are rooted in complex historical, jurisdictional, geographic and regulatory contexts, but progress is being made through nation-to-nation interactions. Ontario is committed to working together with First Nations and Métis to identify issues and propose actions to advance to take towards reconciliation and healing.

On August 25, 2015, the First Nations-Ontario Political Accord was signed by the Chiefs of Ontario and the Province, creating a formal bilateral relationship framed by the recognition of the treaty relationship.¹⁶³

Text Box: The First Nations-Ontario Political Accord

- *Affirms First Nations' inherent right to self-government*
- *Commits the parties to work together on issues of mutual interest, such as resource benefits sharing and jurisdictional matters*
- *Sets a path for reconciliation*

¹⁶⁰ IESO data. FIT 526 (1,084 MW), LRP 13 (319.9 MW), Other (785.5 MW) = Total

¹⁶¹ IESO data

¹⁶² Text Box: OPG and media news release

¹⁶³ Political Accord between First Nations and Government of Ontario –Ontario Newsroom 2015

The Ontario-Métis Nation Framework Agreement signed in 2008 and renewed in 2014, guides Ontario's relationship with the Métis Nation.¹⁶⁴

Text Box: Ontario-Métis Nation of Ontario Framework Agreement

- *Continues to facilitate the recognition and advancement of Métis people in Ontario*
- *Fosters collaboration between the province and the MNO on issues of mutual interest to support the goals and objectives of the new agreement*
- *Increases awareness of Métis history, identity and culture*

The Province will continue the direction established in the 2013 LTEP and support First Nation and Métis leadership and capacity in Ontario's evolving energy sector. The focus of *Delivering Fairness and Choice* reflects the province's strong energy supply position and responds to the concerns heard through the LTEP engagement process and the ongoing dialogue between the Province, its agencies and First Nation and Métis partners.¹⁶⁵

Building on the conversations during the LTEP engagement process, Ontario commits to a more regular and ongoing dialogue with First Nations and Métis. This will include energy awareness and education initiatives, the involvement of youth in the energy conversation, and more regular communication to ensure First Nations and Métis are informed about the Province's energy commitments and have opportunities to provide insight and feedback.

Addressing Electricity Affordability

Improving electricity affordability is a major priority for Indigenous and non-Indigenous electricity consumers. Ontario is working to address the issue with programs such as:

- the Ontario Electricity Support Program (includes enhanced credits for First Nations, Métis and Inuit electricity consumers) (more details in Chapter 1);
- Ontario's Fair Hydro Plan (more details in Chapter 1);
- the Low-Income Energy Assistance Program (more details in Chapter 1); and
- the Conservation First Framework (more details in Chapter 4).

Ontario recognizes that First Nation electricity consumers living on-reserve face unique challenges with respect to electricity affordability. Customers living on-reserve often pay higher distribution costs than customers in more populated areas because distribution rates are partially based on population density. The problem of higher distribution rates was often compounded by energy inefficient homes on reserves and other challenges that lead to higher levels of energy consumption.

Text Box:

¹⁶⁴ Ontario and Metis Nation Renew Framework Agreement- Ontario Newsroom 2014

¹⁶⁵ Text Box: First Nations, Ontario sign Political Accord- Ontario Newsroom 2015

A number of remote First Nations rely on diesel generators for power. The fuel is trucked in on winter roads that are becoming increasingly unavailable due to climate change. This drives up the cost of diesel oil, which has to be flown in instead. Ontario selected Wataynikaneyap Power to connect 16 remote First Nations to the province's electricity grid. Wataynikaneyap Power is a transmission company owned by 22 First Nations in partnership with FortisOntario. Grid connection will reduce greenhouse gas emissions and support jobs and economic growth. Once completed, more than 10,000 people will have a reliable, clean supply of electricity.

First Nation Delivery Credit

To address these unique energy affordability challenges, First Nation leaders recommended eliminating delivery charges for electricity transmission and distribution when they met at the First Nations-Ontario Energy Table with the Minister of Energy and other energy sector leaders in April 2016.

The government recognizes that many First Nation reserves are located far from high density areas of the province. As a result, they often pay higher distribution costs than customers in more populated areas. This is often compounded by the way housing is constructed and maintained on reserves often resulting in a housing stock that is energy inefficient (e.g. electric baseboard heating, poorly insulated or sealed).

The Minister directed the Ontario Energy Board (OEB) to work with First Nations to research options that would address energy affordability on reserves, and to report back on its findings. Acting on the OEB's findings and feedback from First Nations, the Province, together with the Chiefs of Ontario, collaborated to develop the First Nations Delivery Credit. The First Nations Delivery Credit was implemented on July 1, 2017 and provides a credit equal to 100 per cent of the electricity delivery charge on the bills of on-reserve First Nation residential customers.¹⁶⁶ This collaborative effort undertaken within tight timelines between the Province and First Nations is another example of the Political Accord being brought to life.

Commented [AH(61)]: MO Edit: This paragraph is too much "play by play". Can this be reframed so it's less of a timeline of dates and more a story?

IEP Response: These paragraphs have been adjusted to be less of a timeline

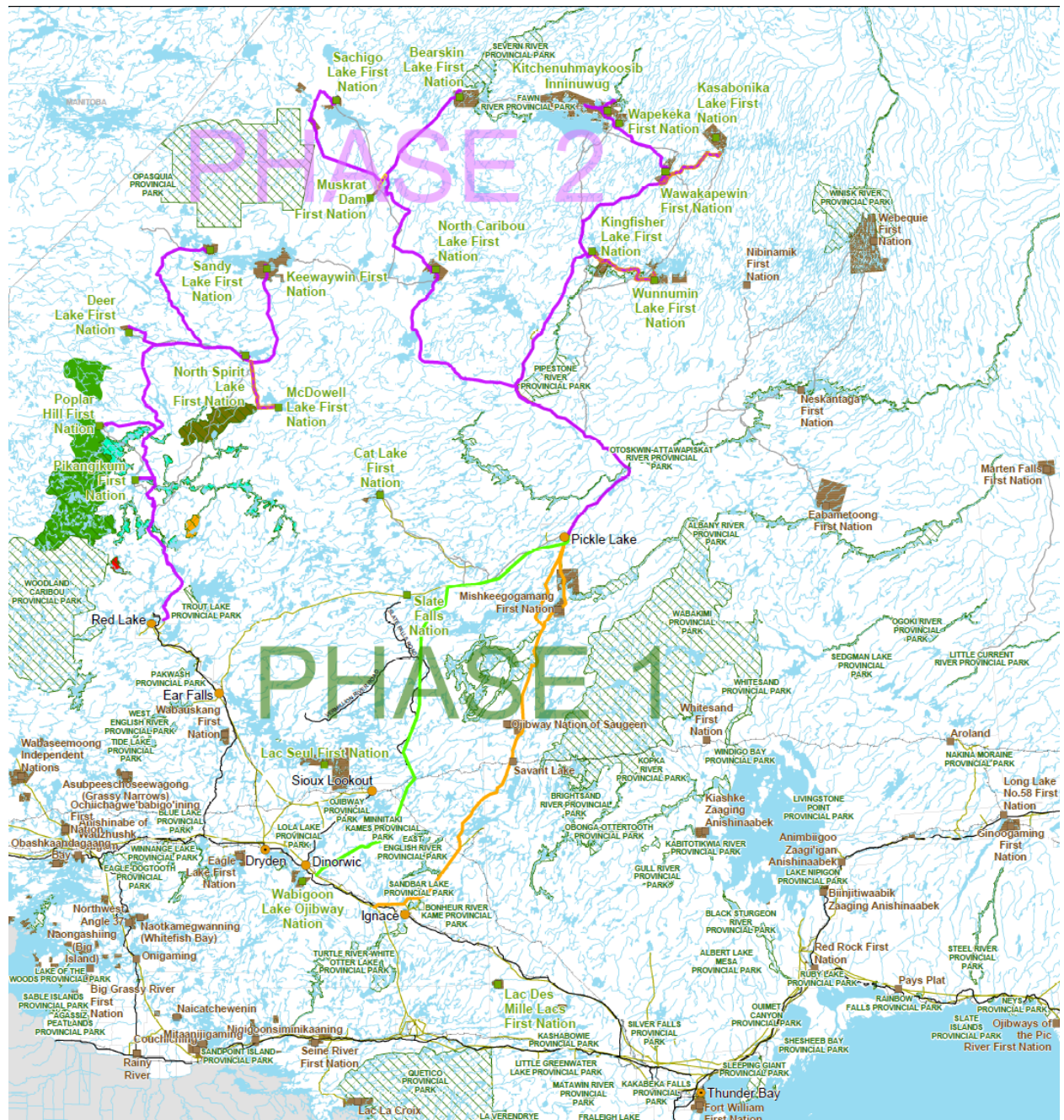
Connecting Off-Grid First Nation Communities

Twenty-five remote First Nation communities in the province's northwest rely on diesel fuel to power their communities. Ontario recognizes the distinct challenges they face and, because of the high cost of diesel fuel, there is a good economic case to connect as many as 21 of those communities to Ontario's electricity grid.¹⁶⁷

¹⁶⁶ Ontario Cutting Electricity Bills by 25 Per Cent- Newsroom 2017

¹⁶⁷ Preparing Remote First Nation Communities for Grid Connection- Ontario Newsroom 2014

Connection to Ontario's low-carbon electricity grid will not only improve the quality of life and enable economic development opportunities for these communities, but it will also reduce local pollution, greenhouse gas emissions, and the environmental risks associated with transporting and storing diesel fuel.



For these reasons, Ontario has taken several steps to begin the connection of remote First Nation communities. These include:

- selecting Wataynikaneyap Power as the transmitter for connecting most of the remote First Nations;¹⁶⁸
- creating a mechanism for funding a portion of project costs; and
- working to reach a fair cost-sharing agreement with the federal government that ensures the project is fully funded and can proceed to construction.

Text Box: Ontario Power Generation and Gull Bay First Nation [Do not edit]

Ontario Power Generation (OPG) and Gull Bay First Nation (GBFN) are in the early stages of building an advanced renewable microgrid on the GBFN reserve on the western shore of Lake Nipigon. GBFN has an on-reserve population of 300 people and is one of the four remote First Nation communities that the IESO has determined to be economically unfeasible to connect to the provincial grid at this time.

Ontario is supporting the Gull Bay Diesel Offset Microgrid project with \$2 million in funding from the Smart Grid Fund [TBC: as well as \$X from the Northern Ontario Heritage Fund Corporation].

The Gull Bay Diesel Offset Microgrid project will create a community microgrid by integrating new solar photovoltaic generation, battery energy storage, and a microgrid control system with the existing on-site diesel generators that currently supply the community's entire energy needs. The project will create opportunities for capacity building and employment during the development, construction, and operations phases of the project.

Ontario also supports the connection of the five remote Matawa communities that are not currently part of the Wataynikaneyap Power project. Further steps will be taken to advance these connections when proposals are brought forward.

At this time, grid connection is not feasible for four of the 25 remote First Nations in Ontario. So, each of these communities has begun planning and development work to add sustainable technologies to reduce their reliance on diesel¹⁶⁹. Projects that reduce diesel reliance could include renewable microgrids, battery storage, and other innovative technologies that meet identified community needs.¹⁷⁰

Ontario will continue to partner with these communities and other collaborators, and is looking to the federal government to support these projects. The Government of Canada has agreed to financially support the early connection of Pikangikum First Nation and Wataynikaneyap Power

¹⁶⁸ Wataynikaneyap Power data

¹⁶⁹ Source Needed

¹⁷⁰ Cannot insert endnotes into text boxes: OPG-GBFN facts substantiated by OPG & GBFN.

plans to begin construction of this connection project in 2017. Ontario and Canada are continuing to negotiate cost-sharing to support the remainder of the Wataynikaneyap project.

Conservation

Over 40 First Nations participated in the Aboriginal Conservation Program between 2013 and 2015. The program funded energy efficiency upgrades such as new insulation, appliances and lighting for more than 3,000 First Nations households.

First Nation and Métis customers also have access to other energy efficiency and conservation programs through the 2015–2020 Conservation First Framework, such as Save on Energy programs offered by local distribution companies.

Text Box: Conservation on the Coast

Local Distribution Companies owned by Attawapiskat, Kashechewan and Fort Albany First Nations are collaborating to provide conservation programs to their customers under the name, Conservation on the Coast (COTC).

COTC began by conducting annual energy audits in the three First Nation communities in 2013.

By October 2017, 30 homes per community will have had LED bulbs, power bars, low flow aerators and showerheads, hot water pipe wrap, and improved insulation installed. This has reduced electricity usage by 20-25 per cent per home. In addition to the energy savings, residents say their homes are more comfortable to live in, they are burning less wood and moisture and mold problems have diminished.

Text Box: Wikwemikong First Nation

In June of 2017, the Wikwemikong Ignite Energy and Infrastructure Project was launched. It is a long-term community driven strategy to address the high energy costs the community faces, as well as invest in upgrading aging infrastructure. Phase One of the project is a major lighting retrofit and upgrade for all Community Assets including three schools, nursery school, health centres, arenas, and the band administration office.

During this phase, all existing lighting fixtures will be replaced or retrofitted with high end LED lighting fixtures and components, thereby drastically reducing the energy consumption in these facilities. The project includes 30 sites, 5,268 lighting fixtures, and a total of 11,294 lighting components. It is estimated the community will see savings more than \$157,000 per year off energy costs, or 58% savings in energy use for lighting. The \$1.1 million project will be financed with contributions by the Save on Energy Program through IESO (\$127,900) and term debt through private financing.

Commented [AH(62): MO Edit: Suggested additional case study from Wikwemikong First Nation on Manitoulin Island: In June 2017, the Wikwemikong Ignite Energy and Infrastructure Project was launched. It is a long-term community driven strategy to address the high energy costs our community faces, as well as invest in upgrading aging infrastructure. Phase One of the project is a major lighting retrofit and upgrade for all Community Assets including amongst others the three schools, nursery school, day care, health centre, arena, and band administration office. During this phase, all existing lighting fixtures will be replaced or retrofitted with high end LED lighting fixtures and components, therefore drastically reducing the energy consumption in these facilities. The project includes 30 sites, 5,268 lighting fixtures, and a total of 11,294 lighting components. It is estimated the Band will see savings more than \$157,000 per year off their energy costs, or 58% savings in energy use for lighting. The \$1.1 million project will be financed with contributions by the Save on Energy Program through IESO (\$127,900) and term debt through private financing.

IEP Response: Wikwemikong has provided consent to use this information for the LTEP only, and is not to be posted on any Ontario government website, including social media accounts, promotional materials, communication materials, or circulated to the public

In addition, Wikwemikong is looking to expand its current portfolio of renewable energy projects through the Wikwemikong Solar Micro-grid construction project. The 300kW micro-grid is expected to begin construction in 2018/19 and will see the installation of several rooftop solar panels. This project will receive funding through the Small Community Fund.

While conservation programs are working well in some First Nation and Métis households, participants in the Long-Term Energy Plan engagement meetings said the programs need to be more flexible, and more widely available.

In conjunction with the mid-term review of the Conservation First Framework and engagement with the Indigenous communities, the IESO will report to the Province with options on how to improve conservation programs and their availability for First Nations and Métis, including the communities served by Independent Power Authorities: Eabametoong, Keewaywin (Niska), Muskrat Dam, Nibinamik (Summer Beaver), North Spirit Lake, Pikangikum, Poplar Hill, Wawakapewin, Wunnumin and Weenusk (Peawanuck).

In addition, the Green Ontario Fund will be offering new incentives, financing and services to help First Nations and Métis adopt low-carbon technologies and reduce their energy use.

Implementing Community Energy Plans

Community energy plans are an important way to understand local energy needs better. They help communities identify opportunities for energy efficiency and clean energy and develop a plan to meet their community's energy goals. Close to 100 First Nations are now developing community energy plans, using funding from the Aboriginal Community Energy Plan (ACEP) program.¹⁷¹ Ontario is committed to continuing this funding.

But energy plans are just a first step and Ontario recognizes that further support is needed to turn these plans into tangible actions and results. That is why the ACEP program will be expanded to give program participants the support they need to implement the solutions identified in their plans.

The IESO will engage with First Nation and Métis communities and organizations to identify the strengths and weaknesses of the current ACEP program, explore implementation opportunities such as conservation initiatives or other community-directed energy initiatives, and then recommend changes that best support the implementation of community energy plans. Funding will come from the \$10 million the IESO has dedicated for this and other support

Commented [LT63]: Add info on the Save on Energy projects on Manitoulin Island.

Response: Not addressed in this version as there are no case studies to reference.

MO Comment: CRED is pursuing with the IESO. CRED update?

Response: The IESO has prepared a BN on the engagement plan to inform their report on improving access/availability of Indigenous conservation programming, in response to the proposed LTEP directive. BN is tracking to DMO/MO. IESO also offers in-person briefing if of interest.

The IESO will address the following key considerations in preparing the report:

- How are all of Ontario's First Nation communities being served by conservation programs?
- Are there opportunities to better understand the conservation needs of, and potential barriers to, First Nation communities through broad community engagement?
- Are there opportunities to increase the positive impact of the conservation programs in Ontario's Indigenous communities?
- How can we assess Métis conservation needs and related issues?

The project plan involves:

August to September - community leader survey; review of past programs and community energy plans
October to December - community meetings and regional forum workshops
January to February 2018 - submission of final report (to be made public)

¹⁷¹ IESO ACEP data

programs. Ontario's Climate Change Action Plan also identifies opportunities for Indigenous program support.¹⁷²

Commented [MS(64)]: TBD based on MOECC decision.

Supporting Local Opportunities

Building Sector Knowledge and Capacity

The IESO's Education and Capacity Building (ECB) program supports the education, training and skills building of First Nations and Métis. The ECB program will continue to support initiatives that help build local business skills, energy literacy, and youth engagement.¹⁷³

Exploring Energy Projects and Partnerships

The IESO's Energy Partnerships Program (EPP) supports First Nation and Métis communities and organizations that want to lead or be partners on renewable energy and transmission projects. Three streams of funding from the EPP help support¹⁷⁴:

- financial, legal and technical due diligence to partner on major priority transmission lines and renewable energy projects;
- the development of renewable energy projects including costs for regulatory approvals; and
- the initiatives that reduce the reliance on diesel fuel for the four First Nations that can't be feasibly connected to the transmission grid.

Ontario will engage further and explore how to change these programs so they better reflect First Nations and Métis needs within the current energy system. This may include a look at how programs can support the integration of small-scale renewable energy projects into the local energy system, or the use of net metering and other innovative solutions that address local or regional energy needs and interests.

Access to Financing

The development of energy projects requires significant financial and human capital, and barriers can prevent First Nation and Métis communities and organizations from accessing this capital and actively participating in the energy sector. Barriers to more widespread First Nation and Métis participation include:

- lack of capital at reasonable terms;

¹⁷² Ontario's Action on Climate Change developed by the Ministry of the Environment and Climate Change-February 2017

¹⁷³ IESO Education and Capacity Building Program Overview

¹⁷⁴ IESO Energy Partnerships Program Overview

- high financing costs; and
- a shortage of capacity around financing and building partnerships.

The Aboriginal Loan Guarantee Program has helped First Nations and Métis obtain lower-cost financing to participate in large-scale energy projects.¹⁷⁵ However, Ontario recognizes that barriers to financing remain, particularly for smaller-scale projects. As a result, Ontario will engage with First Nations and Métis to identify gaps in financing, changes that could be made to existing programs, as well as alternative financing models.

Text Box: What is the Aboriginal Loan Guarantee Program?

Launched in 2009, the \$650 million Aboriginal Loan Guarantee program (ALGP) guarantees up to 75 per cent of a First Nation or Métis corporation's equity in a project. To date, the ALGP has approved nine projects, including the 438MW Lower Mattagami hydroelectric project, the Bruce to Milton transmission reinforcement project, the 28MW Peter Sutherland hydro-electric project, and the 4MW Mother Earth Renewable Energy wind project¹⁷⁶.

Ontario can build on its strong record and apply innovative financing models to promote First Nation and Métis participation in energy projects. These financing models and social finance tools have been successfully used in the United States, Australia, and elsewhere in Canada to facilitate greater Indigenous economic participation^{177 178}.

Ontario also appreciates the unique social benefits that can result from First Nation and Métis participation in energy projects. Measuring and assessing these non-financial benefits could help Ontario take a broader and more inclusive view of outcomes when deciding on energy policies and projects.

Text Box: The Mother Earth Renewable Energy (MERE) Project

MERE is the first wholly First Nation-owned wind project in Canada. The 4MW project consists of two wind turbines owned by M'Chigeeng First Nation (MFN) that generate enough energy to power the community's 418 homes. The project received a loan guarantee from the Aboriginal Loan Guarantee Program (ALGP) in 2012.

MERE was established under MFN's mandate to build a green economy. The proceeds, averaging \$300,000 per year for the first 14 years, pay for community development programs.

¹⁷⁵ Text box: Ontario Financing Authority: Aboriginal Loan Guarantee Program Overview

¹⁷⁶ Overview of the Aboriginal Loan Guarantee Program (ALGP). (2017). Retrieved from <https://www.ofina.on.ca/algp/program/overview.htm>

¹⁷⁷ [Verification needed]

¹⁷⁸ MERE Text box: [Verification needed]

The MERE project is an innovative example of how clean energy and the ALGP can be used to create additional financial and socioeconomic benefits for communities. ¹⁷⁹

Text Box: Rainy River First Nations Solar Project

Rainy River First Nations signed a memorandum of understanding with Ontario Solar PV Fields to purchase three solar projects located in the Rainy River community. The cost of the projects was around \$154 million, of which \$19 million has been guaranteed through the Aboriginal Loan Guarantee Program.

Rainy River First Nations partnered with Clark, Conner and Lunn for the project. The projects' net profits are \$1.3 - \$2.3 million a year for 20 years, generating around 37 million kilowatt-hours of electricity in their first year of operation in 2014. The project generates enough energy to meet the average electricity needs of approximately 3,080 households. ¹⁸⁰

Building on these and other successes across the province, Ontario will take the following actions to increase First Nation and Métis access to financing: ¹⁸¹

- engage with leaders, organisations, and financing experts to identify financing gaps and barriers to the development of First Nation and Métis participation in energy projects;
- investigate the applicability of innovative financing models to better support First Nation and Métis participation in energy projects; and

¹⁷⁹ [Reference forthcoming. Facts were provided by Mother Earth Renewable Energy project staff; ENERGY staff cross-referencing at the moment]

¹⁸⁰ Sources:

<http://rainyriverfirstnations.com/wp-content/uploads/2013/06/Solar-Project-Jan.14.pdf>

<http://rainyriverfirstnations.com/wp-content/uploads/2013/06/RRFN-Solar-Generation-Project-2013.pdf>

¹⁸¹ MERE Text box: Canadian Environmental Assessment Agency: M'Chigeeng First Nation Mother Earth Renewable Energy Project Archive 10-01-55899

Prioritization of Call Out boxes/Case Studies

1. Conservation on the Coast
2. The Mother Earth Renewable Energy (MERE) Project
3. Ontario Power Generation and Gull Bay First Nation
4. Wataynikaneyap Power
5. ACEP Case Study: North Caribou
6. Rainy River First Nations Solar Project
7. The First Nations-Ontario Political Accord
8. What is the Aboriginal Loan Guarantee Program
9. The recently completed 28-MW Peter Sutherland Generating Station
10. Comments made during First Nation and Métis LTEP Engagements Sessions

- develop methods to better capture the social, environmental, and local benefits of First Nation and Métis participation in energy projects.

Expanding Access to Natural Gas

Natural gas remains a clean, reliable energy option, and it will continue to play a critical role in Ontario's energy mix. We know access to natural gas is an important issue, especially for First Nations.

To assist with natural gas expansion, the Province launched a new \$100 Natural Gas Grant Program in April 2017. Through the program, municipalities and First Nation communities are able to work with natural gas utilities to bring forward proposals to expand access to natural gas. The guidelines for the Natural Gas Grant Program specify that additional consideration will be given to projects located in northern Ontario or located within First Nation reserves.

Successful applicants under this program can then apply to the OEB for leave-to-construct approval for their expansion projects.

Over the coming years, Ontario looks forward to natural gas expansion projects proceeding and delivering greater consumer choice and economic growth to municipalities and First Nations in Ontario.

Summary

- Ontario will improve the availability of conservation programs for First Nations and Métis, including communities served by Independent Power Authorities.
- Ontario will continue to prioritize the connection of remote First Nation communities to the grid and continue to support the four First Nations where transmission connection is not economically feasible.
- The Aboriginal Community Energy Plan program will be expanded to help communities implement their community energy plans and support Ontario's Climate Change Action Plan.
- Ontario will engage with First Nations and Métis to explore options for supporting education and capacity building, the integration of small-scale renewable energy projects, net metering and other innovative solutions that address local or regional energy needs and interests.
- Innovative financing models and support tools will be investigated to lower the financing costs of First Nation and Métis-led or partnered projects.
- Ontario will report back to communities between Long-Term Energy Plans to provide updates on the province's progress and seek ongoing feedback from First Nations and Métis.
- Ontario's Natural Gas Grant Program will support the expansion of natural gas access to First Nation communities.

Chapter 8. Supporting Regional Solutions and Infrastructure

Different regions and communities may require different solutions to meet their specific energy needs and responding to large energy infrastructure projects impacting their communities. For example, urban regions may experience an increase in demand due to population growth, while more rural or remote regions may be more concerned about the reliability of their energy supply. Industrial activities such as mining and manufacturing have different patterns of energy use than health and social services. Agri-businesses have different needs than commercial centers. Regions also have different priorities for large infrastructure projects. It is crucial that the project review process for interregional initiatives such as pipelines reflects these priorities. It's important to give voice to Ontarians to influence energy solutions through community planning and engagement.

Regional Planning

Since 2013, a formalized regional planning process now includes participation from communities to identify their electricity needs and develop cost-effective solutions for meeting them. For some it could mean additional supply from transmission lines, for others it could come from local resources like district energy or conservation, or a combination of both. Over the past three years, the electricity needs of all 21 of Ontario's planning regions have been evaluated, completing the first full cycle of regional planning assessments across the province.

Text Box: What We Heard from You

- Integrate electricity planning with municipal planning
- Consider impact on economic development
- Improve local reliability
- Innovative technologies and fuels face special barriers in the North.
- Programs should meet customer and regional needs

Text Box

Agri-business is growing in rural Essex County, near Kingsville and Leamington. The region has the largest concentration of greenhouse vegetable production in North America.¹⁸² Greenhouses, food processing operations and increasing wineries-related tourism are adding to electricity demand, particularly in the summer months.¹⁸³

¹⁸² Greenhouses Grow Ontario, An Economic Impact Study of the Greenhouse Industry in Ontario, 2006, page iv, <http://www.planscape.ca/planscapePDFs/50-plan1.pdf>

¹⁸³ IESO, Windsor-Essex Region Integrated Regional Resource Plan, April 2015, p 16-17, <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/windsor-essex/2015-windsor-essex-irrp-report.pdf?la=en>

Commented [AH(65)]: MO Edit: Needs an intro paragraph to make section cohesive. Perhaps discussion of large-scale infrastructure, local impacts, importance of empowering citizens to speak up and influence these decisions?

Response: Addressed.

At the same time, other needs in the area are triggering infrastructure upgrades that would benefit not just the local agri-business sector, but those looking to connect distributed generation, , other customers in the Windsor-Essex region and Ontario ratepayers as a whole.¹⁸⁴

If the infrastructure upgrades were carried out separately, they would have cost about \$100 million. Instead, by looking at the totality of the needs, the recommended solution, which includes a new 13-kilometre line and a new transformer station in Leamington, addressed the same needs for over \$2020 million less. Collaborative solutions like these are critical to realizing the benefits of the enhanced regional planning.¹⁸⁵

Regional planning gives communities the opportunity to consider all the cost-effective resources for meeting their regional needs. It promotes the principle of Conservation First by first incorporating conservation targets into the forecasts of net regional electricity demand. Only then are other economical solutions considered, such as new supply, distributed generation, additional conservation and demand management and investments in transmission and distribution.

In order to further increase diversity in cost-effective solutions, barriers to non-wires solutions, such as conservation, demand response and other distributed energy resources must be reduced.

Text Box: Toronto Hydro

“Our Local Demand Response initiative at Cecil TS allows us to cost-effectively defer capacity investments and provide other valuable benefits. This project exemplifies Toronto Hydro’s commitment to delivering customer value and building a more flexible, integrated grid.”

- Anthony Haines, CEO Toronto Hydro Corporation

The Ontario Energy Board (OEB) is also working to integrate conservation into natural gas infrastructure planning at regional and local levels. The OEB’s 2015 to 2020 Demand Side Management (DSM) Framework says natural gas utilities need to consider conservation as a key principle in their infrastructure planning. As part of the mid-term review of the DSM Framework that is currently underway, natural gas utilities are expected to propose a plan on how to integrate natural gas conservation into their planning for future infrastructure.

Text Box

Targeted conservation initiatives can be the most cost-effective solutions for meeting local and regional electricity needs. The Independent Electricity System Operator (IESO) is working with

¹⁸⁴ Source Needed

¹⁸⁵ Source Needed

local utilities in Ottawa, Toronto, Barrie-Innisfil and Parry Sound-Muskoka regions to determine whether targeted conservation initiatives can defer costly upgrades to specific local distribution and transmission infrastructure. In the mid-term reviews of the 2015–2020 Conservation First Framework and Industrial Accelerator Program, the IESO is also exploring how to further integrate conservation initiatives into the regional planning process.

Local advisory committees have helped build an understanding in the community about regional electricity issues. These committees give residents an opportunity to provide input and their advice improves the implementation and the regional plan. Community engagement is also crucial to linking regional energy plans with community energy planning.

Community Energy Planning

Ontario's Municipal Energy Plan (MEP) program and the IESO's Aboriginal Community Energy Plan (ACEP) program both support the efforts of municipalities and Indigenous communities to assess their energy use and needs, consider the impact of future growth, and foster local economic development. Communities have been encouraged to develop their own energy plans identifying opportunities for conservation and priorities for infrastructure. The resulting community energy plans have helped communities recognize opportunities to conserve energy, improve energy efficiency and reduce greenhouse gas (GHG) emissions. More information on the ACEP program can be found in Chapter 7: Supporting Indigenous Capacity and Leadership.

Ontario's Climate Change Action Plan has reinforced the importance of community energy plans, and indicated Ontario will continue to support them.¹⁸⁶ Ontario's Climate Change Action Plan also includes a Challenge Fund to provide funding for GHG emissions reduction projects proposed by a municipality that has completed a community energy plan and meets the program eligibility criteria.¹⁸⁷ The Province launched the Municipal GHG Challenge Fund on August 14, 2017. Municipalities may request up to \$10 million per GHG reduction project in the buildings, energy supply, water, transportation, waste and organics sectors. Any Ontario municipality with a community-wide GHG emissions inventory, emissions reduction targets and a strategy to reduce emissions is eligible to apply. MEP program participation is a path to eligibility for the Province's Municipal GHG Challenge Fund.¹⁸⁸

Now that the first cycle of regional planning has been completed, the Province is directing the IESO to review the regional planning process and report back with options and recommendations to address the challenges and opportunities that have emerged.

¹⁸⁶ Ontario's Five Year Climate Change Action Plan, 2016-2020, p. 33
<https://www.ontario.ca/page/climate-change-action-plan>

¹⁸⁷ Ontario's Five Year Climate Change Action Plan, 2016-2020, p. 32
<https://www.ontario.ca/page/climate-change-action-plan>

¹⁸⁸ Municipal GHG Challenge Fund:
<http://www.grants.gov.on.ca/GrantsPortal/en/OntarioGrants/GrantOpportunities/PRDR017538>

Text Box: Regional and Community Energy Planning by the Numbers:

21 Electricity Regions

16 Integrated Regional Resources Plans (IRRP) completed. An IRRP, led by the IESO, integrates a variety of resource options to address the electricity needs of the region.

8 Regional Infrastructure Plans (RIP) underway or complete. An RIP, led by the transmitter, identifies investments in transmission and/or distribution facilities to meet a region's electricity needs.

11 Active Local Advisory Committees

36 Municipalities have Municipal Energy Plans underway or complete

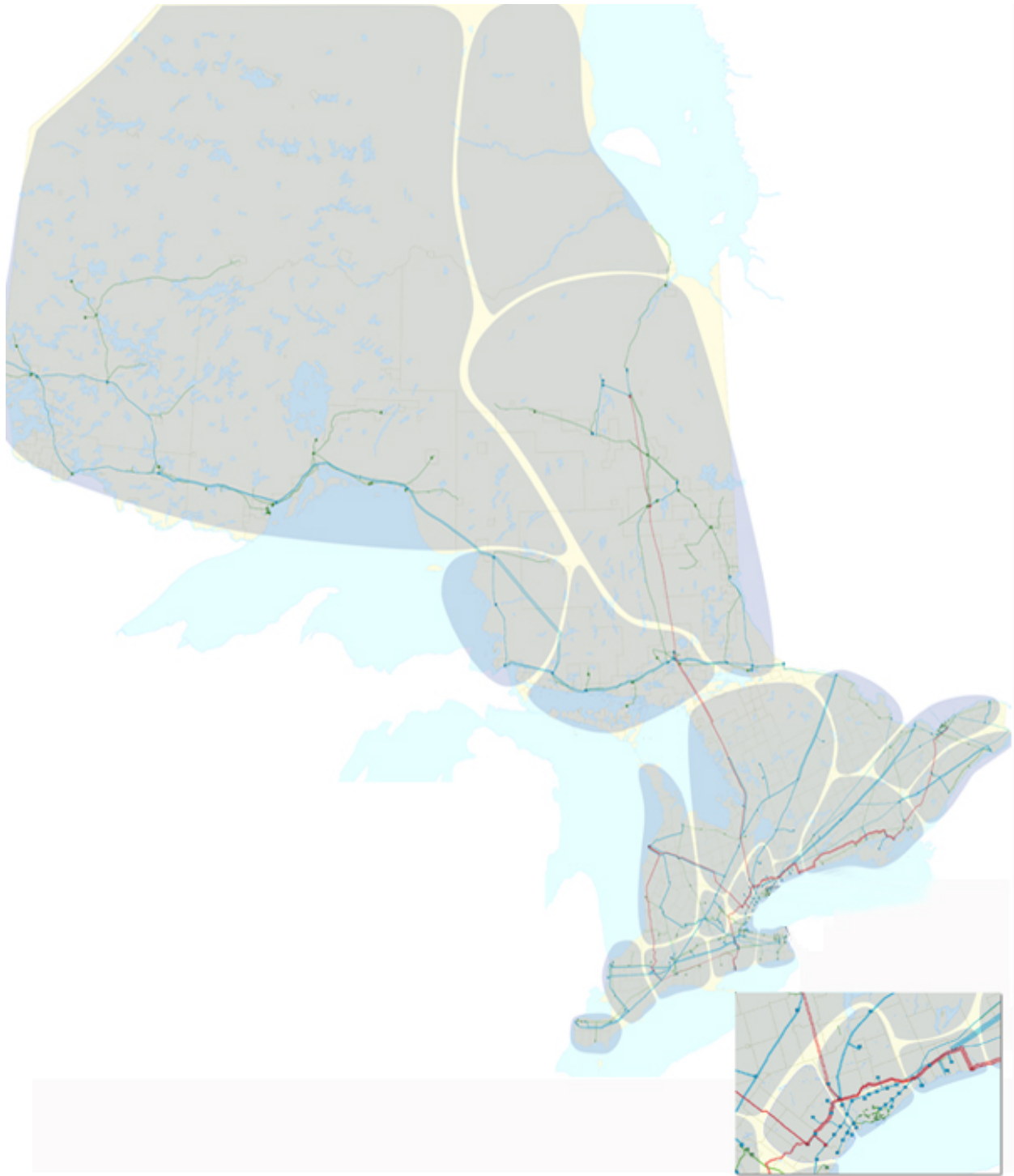
97 Aboriginal Community Energy Plans underway

Text Box:

More information on your region can be found by entering your postal code online at <http://www.ieso.ca/en/get-involved/regional-planning>

Map: Differing Regional Needs¹⁸⁹

¹⁸⁹ Ottawa : <http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/greater-ottawa/letter-to-h1-ottawa.pdf?la=en>
<http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/greater-ottawa/faqs-south-nepean-hand-off-letter.pdf?la=en>
<http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/greater-ottawa/ieso-handoff-letter-re-south-nepean.pdf?la=en>
<http://www.ieso.ca/-/media/files/ieso/document-library/regional-planning/greater-ottawa/engagement/ottawa-lac-april-19-2017-final.pdf?la=en>
Toronto : <http://www.ieso.ca/en/get-involved/regional-planning/gta-and-central-ontario/-/media/files/ieso/document-library/regional-planning/toronto/engagement/Toronto-LAC-Presentation-20160128.pdf>
North of Dryden: <http://www.ieso.ca/en/get-involved/regional-planning/northwest-ontario/north-of-dryden>
York Region: <http://www.ieso.ca/en/get-involved/regional-planning/gta-and-central-ontario/york>
Windsor Essex: <http://www.ieso.ca/en/get-involved/regional-planning/southwest-ontario/windsor-essex>



Text Boxes – From Graphic above

North of Dryden and Remote Connection

The construction of a new line to Pickle Lake and the connection of remote First Nation communities currently served by diesel generators are priorities for Ontario. The regional plan for North of Dryden recommended two projects to meet the near-term electricity needs of the region:

- building a new 230 kV transmission line from the Dryden / Ignace area to Pickle Lake*
- upgrading the existing transmission lines from Dryden to Ear Falls and from Ear Falls to Red Lake*

Together, these projects will substantially increase the ability of the subsystems in Pickle Lake and Red Lake to meet demand.

Wataynikaneyap Power is the proponent of the 230-kV transmission line from the Dryden/Ignace area to Pickle Lake and is currently acquiring the necessary approvals. The line is expected to be in service in early 2020.

Ring of Fire

The Ring of Fire is in one of the most significant mineral regions of the province, and includes the largest deposit of chromite ever discovered in North America. Electricity supply for the development of mines and the connection of remote First Nations in the area was assessed in the North of Dryden regional plan and the most economic option was found to be transmission connection to the Ontario grid.

The final approach to electricity supply in the Ring of Fire will depend on decisions related to transportation infrastructure, Indigenous community preferences and the electricity needs of mining companies.

Ottawa

Work is underway or complete on five transmission projects to address the near-term reliability needs and growth in demand in the Ottawa region.

The projects include the upgrading of a 115-kV circuit to provide increased supply capability for downtown Ottawa and a new transmission station and transmission line to meet the growing electricity needs of new developments in South Nepean.

A Local Advisory Committee has been established to provide advice on the development of the region's longer-term electricity plan.

Central Toronto

Increased density, new large transit projects, aging infrastructure and reliability issues are all driving new investments in Toronto's electricity infrastructure.

Conservation will be a key component of meeting the city's future electricity needs, with conservation resources expected to offset nearly 40 per cent of the growth in demand until 2036.

Investments in the Runnymede, Horner and Copeland transformer will ensure new customers can be connected without harming reliability in the area.

As early as the mid to late 2020s, two major autotransformer stations and key transmission facilities are expected to reach the limit of their ability to supply growth in Central Toronto.

A Local Advisory Committee has been established to provide advice on the development of the region's longer-term electricity plan.

Windsor-Essex

Agri-business in the rural portion of Essex County is growing, increasing the demand for electricity. Hydro One is building a new transmission line, a new transformer station near Leamington, and refurbishing the Kingsville and Keith stations to address this growth and improve restoration timelines. The projects are expected to be in service by 2018.

York Region

Three transmission projects are underway to address the near-term needs for capacity and reliability in York Region, including a new transformer station in the City of Markham.

Based on current projections, York's sub-region electricity system is expected to reach its capacity to supply growth in the medium to long term. A Local Advisory Committee has been established to provide advice on the region's longer-term electricity plan.

Text Box

The City of Temiskaming Shores began its Municipal Energy Plan (MEP) in 2015. Thanks to its MEP, the city has found ways to be more energy efficient. For example, it installed LED lighting in 955 street lights, converted to smaller pumps and motors in environmental facilities, and installed more efficient heating systems. The energy efficiency changes the city made have resulted in 20 per cent reductions in the utility bills for some projects. The MEP ensures that city council will approve one energy-related project each year. Temiskaming Shores has also increased its public transit service to reduce the number of private vehicles on the road.

Setting Standards for Pipelines

Almost all of Ontario's oil and natural gas is delivered from outside the province by interprovincial and international pipelines. These pipelines are under federal jurisdiction and regulated by the National Energy Board (NEB). The 2013 Long-Term Energy Plan set out six principles Ontario will use to evaluate oil and natural gas pipelines, such as TransCanada's Energy East project:

- Pipelines must meet the highest available technical standards for public safety and environmental protection;
- Pipelines must have world-leading contingency planning and emergency response programs;
- Proponents and governments must fulfill their duty to consult obligations with Indigenous communities;
- Local municipalities must be consulted;
- Projects should provide demonstrable economic benefits and opportunities to the people of Ontario, over both the short and long term; and
- Economic and environmental risks and responsibilities, including remediation, should be borne exclusively by the pipeline companies, who must also provide financial assurance demonstrating their capability to respond to leaks and spills.

In November 2014, Ontario and Québec jointly adopted these six principles for their review of Energy East and added a seventh principle, the need to take into account GHG emissions and the interests of natural gas consumers¹⁹⁰.

Ontario is committed to public engagement on major pipeline developments. On November 12, 2013, the Province asked the OEB to conduct province-wide consultations regarding TransCanada's Energy East proposal. The consultation process focused on four areas of potential impact:

- The impacts on Ontario natural gas consumers in terms of rates, reliability and access to supply, especially those consumers in eastern and northern Ontario;
- The impacts on pipeline safety and the natural environment in Ontario;
- The impacts on First Nations, Metis and local communities; and
- The short and long term economic impacts of the project in Ontario.

The OEB undertook an extensive consultation and review process. The OEB hired experts in the field of pipelines, environmental reviews and economics to assist in understanding of the project and made their reports public. The OEB visited seven cities and towns along the route in

¹⁹⁰ <https://news.ontario.ca/opo/en/2014/11/agreements-reached-at-quebec-ontario-joint-meeting-of-cabinet-ministers.html>

Commented [AH(66)]: MO Edit: Can we expand on the title, perhaps something like "Setting Standards for Pipelines"?

Response: Addressed

spring 2014 and again in winter 2015, meeting with local residents, First Nations and Métis to get their views on TransCanada's application. In addition, the OEB received more than 10,000 written submissions during its review.

On August 13, 2015, the OEB published its report *Giving a Voice to Ontarians on Energy East*. The report said there was not an appropriate balance between the economic and environmental risks of the project and the expected benefits for Ontarians. The report will help guide Ontario's participation in the NEB's regulatory proceeding on Energy East.

To ensure its strategic interests in pipeline projects are represented, Ontario will continue to participate in regulatory proceedings at the NEB and at intergovernmental forums that discuss the delivery of energy in a safe and environmentally sustainable manner. Ontario is also working with the federal government on regulatory initiatives such as NEB modernization to ensure major energy projects are reviewed in a predictable manner that increases public confidence.

Summary

- The Province will continue to work with its agencies to implement the Conservation First policy in regional and local energy planning processes.
- With the first cycle of regional planning completed, the Province is directing the Independent Electricity System Operator (IESO) to review the regional planning process and report back with options and recommendations that will address the challenges and opportunities that have emerged.
- Ontario's Climate Change Action Plan has reinforced the importance of community energy plans, and indicated Ontario's continued support for them.
- Ontario is committed to public engagement when it undertakes reviews of major pipeline projects. Add pipelines summary

Commented [AH(67)]: MO Edit: why is this in this section?

Response: This has been moved up to an earlier chapter.

Glossary

Aboriginal Rights – Rights acquired by many Indigenous peoples of Canada through long-standing use and occupancy of the land, and are protected under Section 35 of the *Constitution Act, 1982*.

Baseload Generation – Generation such as nuclear and hydroelectric that provide a more or less constant supply of electricity, every day and every season of the year.

Behind-the-Meter Generation – On-site generation where the electricity generated is used within a facility. Under the Independent Electricity System Operator's (IESO) current program rules, behind-the-meter generation projects include combined heat and power and waste energy recovery.

Beneficiary Pays – an approach to cost allocation where consumers paying the full cost of the asset they benefit from. This protects ratepayers from paying for infrastructure that benefits only a few customers.

Bioenergy and Biodiesel – Energy produced from agricultural residues, food byproducts, animal manure, waste wood and kitchen waste.

Cap and Trade – A program that puts a cap on the amount of greenhouse gases a company can discharge. If it releases more than that, the company can purchase allowances in an auction or from another company whose emissions are below the cap.

Capacity Auction – A competitive market that commits a supplier to provide a specified amount of electricity in the future.

Climate Change Action Plan – A five-year plan, part of Ontario's long-term fight against climate change. The current Climate Change Action Plan will be followed by a revised plan in 2020.

Climate Change Mitigation and Low Carbon Economy Act, 2016 – Ontario legislation that established, among other things, the legal framework for Ontario's cap and trade program.

Conservation First and Conservation First Framework – Conservation First is Ontario's policy of making cost-effective conservation the first resource considered when planning the province's energy needs. The Conservation First Framework sets out the rules for conservation and energy efficiency programs offered by Ontario's electricity distributors.

Demand Side Management Framework – The Demand Side Management Framework sets the rules for conservation and energy efficiency programs offered by Ontario's main natural gas distributors.

Demand Response – Financial incentives offered to residential and business users to shift or reduce their electricity at times of system need.

Distributed Generation (also known as Embedded Generation) – Electricity generation that is located on the distribution system close to where it is used.

Energy Audit – Determining the changes that can be made in a building to improve its energy efficiency and reduce costs and greenhouse gas emissions

Energy Retrofit – Renovating a building in order to decrease its use of energy.

Energy Storage – Equipment or technology that collects energy so it can be used at a later date.

Ethanol – A renewable fuel made from plants such as corn, sugar cane and grasses whose use can reduce greenhouse gases.

Gigawatt - A unit of power equal to one million kilowatts (kW) or one billion watts (W).

Green Button – A data standard that gives customers the ability to access and share their utility data in an electronic, standardized and secure way.

Heat Pumps – A device that heats or cools buildings by absorbing heat from one area and transferring it to another.

In-Front-of-the-Meter Technologies - Technologies that are deployed on distribution networks and provide electricity savings and peak reductions to customers behind the meter. Examples include technologies that reduce line losses and optimize voltage levels.

Independent Electricity System Operator (IESO) – The provincial agency that manages the province's power system so that Ontarians receive power when and where they need it. It plans and prepares for future electricity needs, and works with its partners to guide conservation efforts.

Independent Power Authority –

Indigenous – Another description of Canada's First Nation, Métis and Inuit peoples.

Kilowatt (kW) – A standard unit of power equal to 1,000 watts. Ten 100-watt light bulbs operated together require one kW of power.

Megatonnes (Mt) – One million metric tons.

Megawatt – A unit of power equal to 1,000 kilowatts (kW) or one million watts (W).

Megawatt-Hour (MWh) – A measure of the energy produced by a generating station over time: a one MW generator, operating for 24 hours, generates 24 MWh of energy.

Microgrid – A local electricity network that in the event of a failure of the larger network, can seal itself off and provide power to local homes and businesses.

National Energy Board (NEB) – The federal agency that regulates the international and inter-provincial operations of oil and gas pipelines and electricity transmitters.

Net Metering – Allows customers to generate their own electricity and receive bill credits for any surplus electricity sent to the local distribution system.

Net-Zero Energy Buildings – Buildings that annually produce at least as much energy as they consume.

Ontario Energy Board (OEB) – The provincial agency that sets the prices for natural gas and electricity in Ontario and regulates the activities of generators, transmitters, distributors, and wholesalers and retailers of electricity and natural gas.

Regulated Price Plan (RPP) – The plan, revised every six months by the OEB, that sets the time-of-use prices for electricity.

Terawatt-Hours (TWh) – One billion kilowatts of electricity used for one hour.

Time-Of-Use Prices – Prices that vary according to the cost of producing the electricity.

Watt (W) – A unit that measures how much electricity is generated or used at any one time.
