

Posting Template for Regulatory Registry

ENGLISH SECTION

Posting Source: Environmental Registry

Posting Stage: Decision Notice

Policy Proposal Notice: 012-8840

Title: Planning Ontario's Energy Future: A Discussion Guide to Start the Conversation.

Decision on Policy:

Following extensive consultation, including through comments provided through the Environmental Registry, on October 26, 2017, the Ontario government issued the 2017 Long-Term Energy Plan (LTEP), Delivering Fairness and Choice.

The Ministry followed the planning process outlined in the *Electricity Act, 1998*, taking into account the legislated objectives of cost-effectiveness, reliability, clean energy, community and Indigenous engagement, and an emphasis on conservation and demand management.

The 2017 LTEP takes a broad look at Ontario's energy system including both electricity and fuels with a focus on energy affordability, innovation and choice.

A link to the 2017 LTEP, which includes a detailed executive summary, is available at the bottom of this notice.

Comment(s) Received on the Proposal: 1,535

Public engagement on the proposal for this decision was provided for 65 days, from October 13, 2016 to December 16, 2016. The Ministry reviewed a total of 1,535 comments received through the registry. :

A selection of these comments is available: [View all comments button-provided on Environmental Registry]

Additionally, the Ministry hosted in-person sessions and also received 2,835 submissions and 41 private messages through an online comments tool and survey. A link to the tool and survey is available under the *Additional Info* section. The Ministry also received over 200 written comments by way of letters or email.

Effect(s) of Consultation on this Decision:

Click on the above link to view submissions made online. Submissions containing personal information are not available for viewing through this link.

The consultation and engagement process, which took place from October 2016 to January 2017, included:

- 17 stakeholder sessions, with participation from over 500 stakeholders
- 17 public open houses attended by hundreds of Ontarians
- 17 meetings with representatives from nearly 100 Indigenous communities and organizations.

The Ministry promoted the Environmental Registry posting at all of these meetings.

The engagement process was supported by two technical reports on Ontario's electricity and fuels systems, a discussion guide *Planning Ontario's Energy Future: A Discussion Guide to Start the Conversation*, and an Indigenous workbook.

The Ministry reported back by releasing summaries of LTEP feedback to the public and to First Nations in the spring of 2017. A summary report was emailed to all First Nations session invitees and participants, and the Ministry hosted an LTEP First Nations wrap-up event on May 17, 2017. On June 23, 2017, the Ministry published an interactive map summarizing the topics raised during the engagement sessions on June 23, 2017.

All comments received in-person and in writing were considered by the Ministry as it prepared the LTEP.

What we heard:

The comments received through the Environmental Registry covered a diverse range of topics and viewpoints across the energy sector. Below is a brief summary of the feedback received through the Environmental Registry. Please note that the topics below are not mutually exclusive and multiple topics could have been mentioned in a submission.

Energy supply was mentioned in 1,372 comments. Many commenters expressed approval for Ontario's coal phase out, but raised concerns over climate change and a desire to see Ontario do more to reduce emissions. Support for nuclear and renewables was mixed. Comments also expressed a desire for community self-sufficiency and local generation.

Conservation was mentioned in 379 comments. Commenters expressed support for past and ongoing conservation programs. People recognize conservation as a way to offset supply and reduce emissions.

Innovation was mentioned in 246 comments. Commenters shared their support for low-carbon technologies, storage, transportation (electrification and alternate fuels), geothermal heating, and more R&D.

Energy delivery was mentioned in 235 comments. Some comments raised concerns with pipelines and recommended that Ontario move away from oil and gas. A few comments also supported the expansion of natural gas access. Electricity topics included empowering local communities, co-ops and residential consumers to generate more of their own power and become self-sufficient. There were also descriptions of specific regional issues.

Energy prices were mentioned in 210 comments. Commenters shared concerns over unaffordable prices. Comments flagged issues with Hydro One privatization, salaries of energy sector employees, and the cost of nuclear and renewable generation.

Indigenous policy was mentioned in 63 comments. Indigenous communities were recognized for environmental stewardship. The Ministry heard that Indigenous communities should be empowered to take a greater role in local energy planning and energy production

Key Elements of the 2017 Long-Term Energy Plan

Based on engagement feedback, the Ministry identified a number of policy initiatives and directions for inclusion in the 2017 LTEP. Delivering Fairness and Choice, Ontario's 2017 Long-Term Energy Plan was issued by the Minister of Energy on October 26 2017.

The Minister of Energy issued directives to the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) to develop implementation plans to meet objectives outlined in the 2017 LTEP. The Minister of Energy also issued an amending directive to the OEB and an amending direction to the IESO to implement some of the policies outlined in the 2017 LTEP. The links to the directives, amending directive, and amending direction are included at the bottom of this notice.

The plan includes the following initiatives, organized by the eight chapters in the LTEP:

1. Ensuring Affordable and Accessible Energy

The projected residential price for electricity will remain below the outlooks published in the 2010 and 2013 LTEPs. The projected electricity prices for large consumers will, on average, be in line with inflation over the forecast period. This is the result of previous investments that delivered a cleaner and more reliable energy system, anticipated benefits from Market Renewal, and cost-reduction measures.

- Ontario's Fair Hydro Plan reduced electricity bills by an average of 25 per cent for residential consumers and will hold any increases to the rate of inflation for four years. 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 customers served by local distribution companies (LDCs) with some of the highest rates are getting enhanced distribution rate protection. This will save eligible customers as much as 40 to 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.
- The government will enhance consumer protection by giving the Ontario Energy Board (OEB) increased regulatory authority over unit sub-meter providers.
- The government will continue to support expanded access to natural gas, giving consumers greater choice and aiding in the economic development of their communities.

2. Ensuring a Flexible Energy System

While the demand for electricity is expected to remain steady, and the demand for fossil fuels is expected to decline, Ontario needs a flexible energy system that can meet any of the possible future outlooks. Market Renewal in the electricity sector will allow the province to adjust to changes and cost-efficiently acquire the electricity resources that are needed to meet future demand

- Market Renewal will transform Ontario's wholesale electricity markets and ultimately result in a more competitive and flexible marketplace.
- The Market Renewal process will develop a "made in Ontario" solution, taking lessons learned from other jurisdictions while collaborating with domestic market participants and taking into account the Province's greenhouse gas (GHG) emission reduction targets.
- Ontario's cap and trade program, as well as programs and initiatives in the Climate Change Action Plan will support efforts to decarbonize the fuels sector.
- Delivering Fairness and Choice aims to maximize the use of Ontario's existing energy assets in order to limit any future cost increases for electricity consumers.
- Cap and trade will increase the price of fossil fuels and 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 government will direct the Independent Electricity System Operator (IESO) to establish a formal process for planning the future of the integrated province wide bulk system.
- Ontario will continue to exercise strict oversight of nuclear refurbishments and ensure they provide value for ratepayers.

3. Innovating to Meet the Future

Innovative technologies have the potential to transform Ontario's energy system. New pricing plans, net metering, energy storage and the electrification of transportation will

give customers more control and choice over how they generate, use and pay for energy.

- The government will work with the OEB to provide customers greater choice in their electricity price plans.
- The net metering framework will continue to be enhanced to give customers new ways to participate in clean, renewable energy generation and 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 government's vision for grid modernization in Ontario focuses on providing LDCs the right environment to invest in innovative solutions that make their systems more efficient, reliable and cost-effective, and provide more customer choice. The government will build on its success and renew and enhance the Smart Grid Fund. This will continue the Province's support of Ontario's innovation sector and help overcome other barriers to grid modernization.
- The IESO will work with the government to develop a program to support a select number of renewable distributed generation demonstration projects that are strategically located and help inform the value of innovative technologies to the system and to customers.
- The government intends to fund international demonstration projects to help Ontario's innovative energy companies diversify to foreign markets.
- The Province will collaborate with the federal government, universities and industry to support the province's nuclear sector.
- The government will work with the IESO to explore the development of a pilot project that explores the energy system benefits, and GHG emission reductions, from the use of electricity to create hydrogen.
- Innovative uses for Ontario's natural gas distribution system will be pursued.

4. Improving Value and Performance for Consumers

As the energy sector becomes more consumer-focused, users will want increased transparency and accountability from the companies and agencies that provide energy services. Utilities and regulators will need to respond by renewing their focus on efficiency and reliability, and looking at new ways of doing business.

- The Province expects the OEB to continue to enhance its efforts to improve the performance of LDCs.
- The government will look to the OEB to identify additional tools and powers that could be used to make utilities more accountable to their customers, promote efficiencies and cost reductions, encourage partnerships, and ensure regulatory processes are cost-effective and streamlined while also accommodating changing utility business models.
- The government 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.

- The government will look to the OEB to review the standards for reliability and quality of service for transmitters and distributors and for options to improve the standards and will ask the IESO to review how its planning and policies can improve reliability for customers.
- The government will direct the IESO to develop a competitive selection or procurement process for transmission, and to identify possible pilot projects.
- The government will look to the IESO and the OEB to promote the right-sizing of transmission and distribution assets at their end of life.
- A new transmission corridor is needed in the northwest Greater Toronto Area given the size of the forecasted growth. Further studies will identify a specific corridor.
- The Province will provide greater transparency for consumers on gasoline pricing through the OEB's transportation fuels review.

5. Strengthening our Commitment to Energy Conservation and Efficiency

Ontario is committed to putting conservation first, both as a resource for the energy system and as a tool for consumers to manage their energy costs. The government and its agencies will continue to assess the achievable potential for energy conservation, explore how to integrate existing conservation programs with new Green Ontario Fund programs, and empower consumers with access to data and tools, such as through the Green Button initiative. The transition to a capacity auction will present opportunities for demand response to grow further and compete with other resources, based on system needs.

- Demand Response capacity realized each year will depend on system needs and the competitiveness of demand response with other resources.
- The government 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 government and its agencies will further encourage LDCs to pursue energy efficiency measures 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.
- The government is committed to expanding Green Button province-wide and intends to propose legislation that would, if passed, enable it to require electricity and natural gas utilities to implement Green Button Download My Data and Connect My Data.
- Beginning July 1, 2018, combined heat and power projects that use supplied fossil fuels to generate electricity will no longer be eligible to apply for incentives under the Conservation First Framework or the Industrial Accelerator Program. Behind-the-meter waste energy recovery projects will continue to be eligible, as will renewable energy projects, including those paired with energy storage systems

6. Responding to the Challenge of Climate Change

Ontario's robust supply of electricity will play a key role in enabling the transition to a low-carbon economy. The Province will continue to work to support the deployment of clean energy technologies.

- Ontario remains committed to an electricity system that includes renewable energy generation and supports the goals of Ontario's Climate Change Action Plan.
- The government will encourage the construction of near net zero and net zero energy and carbon emission homes and buildings to reduce emissions in the building sector.
- The government is proposing to expand the options for net metering to give building owners more opportunities to access renewable energy generation and energy storage technologies.
- The government 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 current activities, the government will strengthen the ability of the energy industry to anticipate the effects of climate change and integrate its impacts into its operational and infrastructure planning.

7. Supporting First Nation and Métis Capacity and Leadership

First Nations and Métis are showing leadership in Ontario's energy sector, with an unprecedented level of involvement. At the same time, First Nations and Métis face unique challenges in accessing clean, reliable and affordable energy – challenges the province and its agencies will work with them to address.

- The government will review current programs in order to improve the availability of conservation programs for First Nations and Métis, including communities served by Independent Power Authorities.
- The Province, working with the federal government, will continue to prioritize the connection of remote First Nation communities to the grid and support the four First Nation communities for which transmission connection is not economically feasible.
- The Aboriginal Community Energy Plan program will be expanded to help communities implement their energy plans and support Ontario's Climate Change Action Plan.
- The government will engage with First Nations and Métis to explore options for supporting energy 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 address barriers to the financing of projects led or partnered by First Nations or Métis.
- The government will report back to First Nations and Métis between LTEPs to provide updates on the Province's progress and seek ongoing feedback.

- The government's Natural Gas Grant Program will support the expansion of natural gas access to First Nation communities.

8. Supporting Regional Solutions and Infrastructure

The Province is working with regions and local communities to develop plans for meeting their diverse energy requirements.

- The government 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 government is directing the IESO to review the regional planning process and report back with options and recommendations that address the challenges and opportunities that have emerged.
- Ontario's Climate Change Action Plan has reinforced the importance of community energy plans, and indicated the government's continued support for them.
- The Province has established seven pipeline principles to evaluate oil and natural gas pipelines, and is committed to public engagement when it undertakes reviews of major pipeline projects.

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Instrument Type: Informational

Category: Environmental

Regulation Number: N/A

Bill or Act: N/A

Subject Keywords:

Posting Date: October X, 2017

Additional Info:

Ministry of Energy LTEP website: https://www.ontario.ca/page/ontarios-long-term-energy-plan?_ga=2.180816097.7302315.1508971600-1363764260.1502730735

Ministry of Energy LTEP consultations website: <https://www.ontario.ca/page/2017-long-term-energy-plan-public-engagement-sessions>

Interactive LTEP consultation map:
<http://moenergy.maps.arcgis.com/apps/MapJournal/index.html?appid=0905e3acaf58478ebb7c50bb7df8d6c9>

EnergyTalks consultation summary page:

https://talks.ontario.ca/energytalks?_ga=2.232717663.1970648872.1505752047-1420324020.1453471204

OEB Implementation Directive

https://www.oeb.ca/sites/default/files/Directive_to_OEB_LTEP_Implementation_Plan_20171026.pdf

IESO implementation Directive

<http://www.ieso.ca/corporate-ieso/ministerial-directives>

FRENCH SECTION