

KEY MESSAGES

- Ontario's 2013 Long-Term Energy Plan (2013 LTEP) is a balanced approach to meeting energy needs today and for generations to come. It was built around five key principles – cost-effectiveness, reliability, clean energy, community and Indigenous engagement, and putting conservation first.
- Developing the LTEP is a highly collaborative process. The Ministry works closely with its agencies and stakeholders during LTEP engagements and development.
- The Ministry knows that the OEA has a working group that has been working on a paper for this consultation and looks forward to meeting with the members of the OEA and receive their input.
- LTEP consultations and Indigenous engagements are expected to take place in the fall 2016.
- As Ontario begins planning for the next Long-Term Energy Plan (LTEP), it's a good time to take stock of the province's energy system.
- As confirmed by the Independent Electricity System Operator in the Ontario Planning Outlook (OPO), Ontario has a strong supply of reliable power for the foreseeable future and there is no need to procure a large amount of additional power at this time.
- The Independent Electricity System Operator (IESO) has provided assurance that Ontario is well-positioned to meet provincial needs until the mid-2020s, even while nuclear plants are under refurbishment.
- The government has therefore determined that it will suspend the second Large Renewable Procurement and the Energy From Waste Standard Offer Program. This decision is expected to save up to \$3.8 billion in electricity system costs relative to Ontario's 2013 Long-Term Energy Plan (LTEP) forecast. This would save the typical residential electricity consumer an average of approximately \$2.45 per month on their electricity bill.
- In future years, if there is a need to procure more electricity supply, there will be time and options to meet the need.
- The long-term energy planning process will ensure that there is an adequate supply of clean, reliable power to meet the needs of the province.

QUESTIONS AND ANSWERS

Long-Term Energy Plan

Q. How will the next long-term energy plan be developed?

The Ministry of Energy is beginning to develop its next Long-Term Energy Plan (LTEP). The LTEP sets out the direction for Ontario's energy future that balances the principles of cost-effectiveness, reliability, clean energy, community and indigenous engagement, and putting conservation first.

Development of the next LTEP will follow the process outlined in the *Energy Statute Law Amendment Act*, 2015 (Bill 135), which came into force on July 1, 2016. Public consultations and Indigenous engagements will be supported by an electricity technical report developed by the Independent Electricity System Operator (IESO) and a fuels sector technical report being prepared by an independent third party.

The IESO's electricity technical report is posted on its website (<http://ieso.ca/Pages/Ontario%27s-Power-System/Ontario-Planning-Outlook/default.aspx>).

The fuels sector technical report will also be made public prior to the start of LTEP consultations.

Public consultations and Indigenous engagements will begin fall 2016 and will include in-person sessions, online consultation tools, and the opportunity for Indigenous communities, stakeholders and the general public to provide submissions through the Environmental Registry, an online database that allows Ontarians to participate in decisions that affect the environment.

CLEAN ENERGY

Q. What is the status of renewable energy procurements? Will Ontario be moving forward with additional rounds of microFIT, FIT and LRP?

Ontario is suspending the second round of its Large Renewable Procurement (LRP II) process and the Energy From Waste Standard Offer Program. Energy Minister Glenn Thibeault has directed the agency responsible for electricity supply procurement, the Independent Electricity System Operator (IESO), to halt procurement of over 1,000 megawatts (MW) of large renewable and energy from waste projects.

On September 1, 2016, the IESO provided the Minister of Energy with the Ontario Planning Outlook, an independent report analyzing a variety of planning scenarios for the future of Ontario's energy system. The IESO has advised that Ontario will benefit from a robust supply of electricity over the coming decade to meet projected demand.

The government has therefore determined that it will suspend the second Large Renewable Procurement and the Energy From Waste Standard Offer Program. This decision is expected to save up to \$3.8 billion in electricity system costs relative to Ontario's 2013 Long-Term Energy Plan (LTEP) forecast. This would save the typical residential electricity consumer an average of approximately \$2.45 per month on their electricity bill.

The Ministry of Energy is launching consultations this fall on its next Long-Term Energy Plan. This will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

In March 2016, the Independent Electricity System Operator (IESO) offered contracts to 16 successful Large Renewable Procurement (LRP) I proponents, for a total of almost 455 megawatts (MW) of new energy generation. More than 80 percent of these projects include participation from one or more Indigenous First Nation communities, including five projects with more than 50 percent Indigenous First Nation participation. In addition, 75 percent of the successful LRP I projects received support from local municipalities and more than 60 percent received support from abutting landowners.

LRP I also introduced strong competition between developers of large renewable projects, helping to drive down price.

FIT

The next round of the Feed-In Tariff (FIT) program, FIT 5, will proceed as planned. The IESO is scheduled to open the FIT 5 application window on October 31, 2016.

In keeping with our April 5, 2016 direction, FIT 5 has a procurement target of at least 150 MW for small renewable energy projects greater than 10 kW and up to 500 kW in size. In addition, any capacity that becomes available as a result of prior microFIT or small FIT contract terminations will be added to this base target amount.

The IESO will publish the final FIT 5 procurement target by December 31, 2016.

Importantly, the continued deployment of small scale renewables will contribute to a clean and diverse electricity system and aligns with the province's goals of low carbon buildings and transportation. It will also help the province to reduce greenhouse gas (GHG) emissions, in support of our Climate Change Action Plan.

MicroFIT and Net Metering

On June 21, 2016, IESO launched version 4 of the microFIT Program. Procurement targets for microFIT are up to 50 MW in 2016 and up to 50 MW in 2017.

The 2013 Long-Term Energy Plan (2013 LTEP) committed to examining the potential for the microFIT program to transition from a generation purchasing program to a net metering program.

Following analysis and consideration of feedback received during consultations undertaken in the Summer and Fall of 2015, the ministry posted its proposed amendments to the 2005 Net Metering Regulation to the Environmental and Regulatory registries on August 19, 2016 for public comment. Comments will be accepted until October 3, 2016.

The intent of the proposed amendments is to enable a long-term framework for customer-sited renewables that aligns with value to the electricity system, while continuing to offer consumers choice to offset their load with renewable energy sources.

In addition, the Ministry plans to begin consultations later this Fall on Community Net Metering and Third Party Ownership for net metering facilities, which are currently not enabled and require further study. To be notified of details on consultation and engagement, interested parties can contact <Feedback.to.CEE@ontario.ca>.

Q. How will suspending LRP II impact green energy jobs in Ontario? What about manufacturers in the Samsung agreement?

Ontario is a global leader in clean energy development. We have attracted both Ontario-based and international companies to produce renewable energy in the province.

Ontario firms are now poised to export their products and expertise as other jurisdictions accelerate their efforts to procure clean energy technologies following the 2015 United Nations Climate Change Conference in Paris (COP21).

The Ministry is working with industry partners to develop and support trade initiatives that will strengthen international relationships and produce new business opportunities. This way, Ontario can leverage its growing energy innovation expertise for the benefit of Ontarians.

Ontario is also continuing to procure further renewable energy generation capacity to meet the targets established in the 2013 Long-Term Energy Plan, including:

- o The FIT program for projects larger than 10 kW and generally up to 500 kW; and
- o The microFIT program for projects 10 kW and smaller.

The government is also in the midst of developing an updated and streamlined net metering program, which will support customer choice in generating clean, renewable energy; align with value to the electricity system; and enable innovative technologies and customer-utility relationships. Continued deployment of small scale renewables will also contribute to the clean energy industry in this province.

Ontario's partnership with Samsung under the Green Energy Investment Agreement (GEIA) has led to significant investments in Ontario, and helped create a clean energy industry in the province.

We recognize and appreciate the investments Samsung and other companies have made in Ontario's renewable energy sector over recent years, and the opportunities these investments will continue to provide to communities across the province.

Q. How will this affect the LTEP targets for renewable power?

The Ministry of Energy will launch LTEP consultations later this fall, which will provide an opportunity for a province-wide discussion on future energy demand and the need to meet that

demand with clean, reliable, affordable supply. The next LTEP is scheduled to be released in Spring 2017.

Our government recognizes the sound, prudent long-term energy planning is essential to a clean, reliable and affordable energy future.

Ontario has about 18,000 MW of wind, solar, bioenergy and waterpower renewable generation contracted or online.

As confirmed in the Ontario Planning Outlook (OPO), Ontario has one of the cleanest and most reliable grids in North America. We also have one of the most reliable grids, one that is well-positioned to meet provincial needs until the mid-2020s and there is no need to procure a large amount of additional electricity supply at this time.

The long-term energy planning process will ensure that there is adequate supply of clean, reliable power to meet the needs of the province.

Q. Is this a response to municipalities that were opposed to wind development?

As confirmed in the Ontario Planning Outlook (OPO), Ontario is **well-positioned to meet provincial needs until the mid-2020s** and there is no need to procure a large amount of additional power at this time.

Our long-term energy planning process will ensure that we always have an adequate supply of clean, reliable power to meet the needs of the province.

Our decision to suspend the second Large Renewable Procurement (LRP II) and the Energy-from-Waste Standard Offer Program is not one we take lightly. This would maintain system reliability and would save up to \$3.8 billion in electricity system costs relative to the LTEP 2013 forecast.

We will continue to work with municipalities and Indigenous communities to ensure there is meaningful involvement in electricity system planning while maintaining the reliability of the electricity system.

Q. Will this mean Ontario will no longer need to sell surplus power in US states?

While the province is currently in a strong supply position, we will begin taking nuclear units out of service for refurbishment beginning this Fall. There will be a much smaller surplus when refurbishment starts.

Ontario has a number of tools to reliably and effectively mitigate SBG (e.g., electricity exports, wind dispatch, etc.).

Ontario efficiently exports and imports a significant amount of electricity as part of the regular operation of its electricity market. In 2015, exports contributed **\$228 million** towards meeting Ontario's electricity system costs, which would have otherwise been paid for by Ontario

ratepayers. Finally, exports reflect the prevailing market price and are scheduled when it is economic for both Ontario and the associated importing jurisdiction.

Q. Can you provide some examples of how Ontario communities are benefitting from Ontario's renewable policies?

Investments in renewable energy projects have created high-value jobs and provided economic benefits and opportunities to municipalities, local businesses, and Indigenous communities.

Renewable energy projects can bring many benefits to local communities, for example, with jobs created during construction. Skilled professionals and trades people often remain in communities where there are renewable energy projects.

Some municipalities and school boards have even raised money by renting their rooftops to solar panel developments, bringing financial benefit to their communities and cleaner, renewable energy to the province.

Ontario's clean energy initiatives have also attracted billions of dollars in private sector investment and significantly increased the amount of clean energy in our supply mix.

Today, there are more than 30 solar and wind manufacturers operating in Ontario. These companies continue to be leaders in the development of the renewable energy industry in Canada and beyond.

ELECTRICITY PRICES

Q. Why are electricity prices going up? I am doing my best to conserve energy, but I seem to be paying more each year.

Our government continues to ensure a clean, reliable and affordable electricity system for all Ontarians.

Prices are increasing because our energy system is being transformed – we are making needed investments to modernize the system.

We chose to replace coal-fired generation with cleaner sources of energy, which will not only benefit our environment but also the health of Ontarians.

To help ease pressure on ratepayers, the government removed the Debt Retirement Charge (DRC) from residential electricity bills as of January 1, 2016. This will save a typical residential electricity customer about \$65 per year.

We also recently introduced new measures that will give Ontario's residential and business consumers more ways to manage their electricity costs. The new measures will take effect January 1, 2017, and includes:

- Rebating the provincial portion of the HST to reduce bills by 8% (\$11);
- Reducing bills for the most rural customers by 20% (\$45); and
- Empowering industrial businesses to reduce bills by one third through the Industrial Conservation Initiative (ICI).

If pressed on May 2016 RPP rates:

Our government continues to work hard to help Ontarians manage their electricity costs.

The Ontario Energy Board (OEB) sets electricity prices based on updated cost estimates.

The difference paid between the actual price paid to electricity generators and the forecast price paid by electricity customers is tracked on an ongoing basis. The Regulated Price Plan (RPP) prices are reviewed twice per year by the OEB and adjusted as required on May 1 and November 1.

As a result of lower electricity usage, RPP prices did not recover the full cost of serving RPP customers. This shortfall has to be recovered. The price increase announced in May 2016 is primarily the result of that shortfall.

Q. What are you doing to help consumers manage rising costs of electricity?

Ontario is taking action to reduce electricity bills for families, farms and businesses.

We recognize that rebuilding and cleaning up Ontario's electricity system has come at a cost. Over the last decade we've rebuilt our transmission and distribution grid, we've invested in clean generation, and we've closed the last dirty coal-fired power plant. But we need to take the next step in ensuring that clean, reliable system is affordable.

Recognizing this, we are introducing new measures that would take effect January 1, 2017, including:

- Rebating provincial portion of the HST to reduce bills by 8% (\$11)
- Reducing bills for the most rural customers by 20% (\$45)
- Empowering industrial businesses to reduce bills by one third through the Industrial Conservation Initiative

Taken together, this plan represents the single largest action to reduce costs for electricity consumers in the province's history. It will provide needed assistance to consumers of all sizes, and it targets support to those that need it most.

These new initiatives are in addition to existing programs, including:

- The Northern Ontario Energy Credit;
- The Ontario Energy and Property Tax Credit; and
- saveONenergy for Home electricity conservation program.

The government recognizes that for low-income Ontarians, paying their electricity bill can be a challenge. To ease this, the Ontario Energy Board (OEB) developed the Ontario Electricity Support Program (OESP), which provides an ongoing rate reduction directly on the bills of low-income electricity consumers who have applied and meet the eligibility requirements.

The government has also removed the Debt Retirement Charge (DRC) from residential electricity bills as of January 1, 2016. This will save a typical residential electricity ratepayer who consumes 750 kilowatt hours (kWh) per month about \$65 per year.

for an average customer consuming 750 kWh per month eligible low-density so that when combined with the 8% reduction they will receive an average \$45/month bill reduction.

For all consumers, conserving electricity is the best and easiest way to manage electricity bills.

Q. What is your government doing to help businesses with the costs of electricity? Will this government consider setting special industrial rates, beyond the programs already in place now?

Ontario has a number of measures in place to mitigate industrial electricity prices and help businesses manage the cost of electricity, including the:

- Industrial Conservation Initiative (ICI);
- Northern Industrial Electricity Rate Program (NIERP);
- Industrial Accelerator Program (IAP);
- saveONenergy for Business conservation programs for commercial and industrial consumers; and
- Demand Response Auction.

In addition, the Budget Measures Act 2015 sets a fixed date for removing the Debt Retirement Charge (DRC) for commercial, industrial and other non-residential electricity users on April 1, 2018, nine months earlier than previously estimated.

Our government continues to work with the sector, including agencies and distributors, to find efficiencies and reduce costs to benefit ratepayers.

If asked for a breakdown of measures listed above:

- **ICI** lowers costs for eligible large electricity consumers (i.e., those with monthly peak demand exceeding 3 megawatts (MW)) that reduce consumption during peak periods. ICI consumers reduce their electricity rates by up to one third.
- Participants in the **NIERP** receive a rebate of two cents per kilowatt hour. On average, industrial electricity prices can be reduced by over 20 or cent through the program.
- The **IAP** provides financial incentives to eligible industrial, commercial and institutional customers that are directly or indirectly connected to IESO transmission grid fast-track capital investment in major energy-efficiency projects.
- The **saveONenergy for Business Conservation Programs** offers a variety of financial incentives to businesses to increase energy efficiency and manage their bills. Incentives are available to a broad range of businesses, including institutional customers such as municipalities, for energy audits, retrofits, process and systems upgrades, and small business lighting.

- **Annual Demand Response Auctions** are held by IESO for demand response capacity. Successful bidders (large businesses and industry) can receive payments to shift their consumption at times when the electricity system is stressed.

CONSERVATION

Q. What is Ontario doing to promote conservation?

As we plan for Ontario's energy needs for the next 20 years, conservation will be the first resource considered, wherever cost-effective.

It is the cleanest and most cost-effective energy resource, offers consumers a way to manage their energy bills and reduces the need to build new generation, transmission and distribution infrastructure.

In collaboration with its agencies and partners, the ministry is working on new conservation initiatives, increasing demand response capability, giving local electric utilities more flexibility to deliver conservation programs that address local conditions, and encouraging collaboration of conservation efforts among electricity and natural gas utility programs.

On January 1, 2015, Ontario launched the Conservation First Framework to support the delivery of province-wide and local electricity conservation programs.

The six-year Conservation First Framework is a long-term commitment to conservation.

It builds on the success of previous programs and supports the development of new programs to meet local needs and offer more choice for consumers.

Q. What options/programs are available to municipalities to help reduce their energy consumption?

Local electricity and natural gas utilities are delivering a number of conservation and energy efficiency programs to help their commercial and institutional customers – including municipalities – reduce their energy consumption. For example:

- **saveONenergy Audit Funding** up to 50 per cent of the cost of an energy audit to identify opportunities for energy efficiency upgrades and eligible incentives.
- **saveONenergy Retrofit Program** provides various incentives for as much as 50 per cent of project costs, and advanced funding for assisted and social housing buildings, for updating old or inefficient equipment, including lighting, motors, unitary AC or packaged rooftop units, variable frequency drives, and compressed air systems.
- **saveONenergy Small Business Lighting** provides incentives of up to \$2000 for new energy efficient lighting.

- **saveONenergy New Home Construction** is designed to encourage home builders and renovators to construct energy-efficient homes, and includes incentives for installation of energy-efficient measures.
- IESO's **saveONenergy Training & Support** initiatives help provide access to the most up-to-date training, such as in building commissioning, certified measurement and verification, and how to be an energy manager.
- **Enbridge Gas Distribution and Union Gas** provide financial incentives for efficient building equipment and systems retrofits such as space heating, water heating and food services.

The Ministry of Energy is also delivering the following initiatives that support municipalities to increase their energy efficiency:

- **The Municipal Energy Plan (MEP) program**
 - The MEP program was launched in August, 2013 to provide funding to Ontario municipalities to complete community energy plans.
 - A MEP is a comprehensive plan designed to align energy, the built environment and land use planning to identify community-wide , conservation, energy efficiency and green energy options and support economic development opportunities. It encourages saving of all energy, supporting GHG reductions
- **Ontario Regulation 397/11 (Broader Public Sector reporting)**
 - Ontario's requirement for broader public sector energy and GHG reporting is an innovative way for public sector organizations to better understand and manage their energy consumption.
 - To raise awareness of energy performance and unlock the energy and cost savings opportunities for Ontario's Broader Public Sector, starting on July 1, 2013 public agencies are required to report annually to the Ministry of Energy on their energy use and greenhouse gas (GHG) emissions and publish the reports on their websites. In addition, starting July, 2014, public agencies need to develop a five-year energy conservation and demand management plans and publish the plan on their websites.
 - Broader public sector support for the regulation is high. In 2016, 98% of broader public sector organizations reported their annual energy use and greenhouse gas emissions (for the 2014 calendar year). Previous annual compliance results were in the 93-95% range.

Q. What is the Green Investment Fund (GIF) enhancement of existing home energy audits and retrofit programs going to achieve?

- Ontario is investing \$325 million through the Green Investment Fund (GIF), which is a down payment on the province's [cap and trade program](#) to strengthen the economy, create

jobs and reduce greenhouse gas. The government is investing \$100 million of the GIF to help homeowners reduce their energy bills and cut GHG emissions.

- The \$100 million investment will expand the existing home audit and retrofit programs offered by Enbridge Gas Distribution and Union Gas Limited.
- Homeowners across the province who heat their homes with natural gas, oil, propane and wood will have access to the GIF program, allowing these homeowners to improve the energy efficiency of their homes and reduce greenhouse gases.
- GIF funding will help about 37,000 homeowners conduct audits to identify energy-saving opportunities and then complete retrofits, such as replacing furnaces, water heaters and upgrading insulation.

Q. If a homeowner uses oil, propane or wood to heat their home can they still access the program?

The program will be available to homeowners across the province who heat their homes with natural gas (including homeowners outside of Union Gas and Enbridge Gas Distribution service territories) and to homeowners who heat their homes other fuels, such as oil, propane and wood.

Homeowners can contact either Enbridge or Union to confirm which utility will be providing the program in their area and to obtain the list of certified energy auditors that are available to them.

Q: My house is not heated with natural gas, oil, propane or wood. What programs are available to me as a homeowner?

Homeowners who heat their homes primarily using electricity, for example who have baseboard heating, can access Save On Energy rebates and incentives, delivered by their local electricity utility with support from the Independent Electricity System Operator.

- **Save On Energy Coupons** are available in-store for one month in the spring and fall and can be downloaded year-round to use at participating retailers to help Ontarians save on a wide range of energy-efficient products including LED light bulbs, power bars with integrated timers or auto-shutoff, baseboard programmable thermostats, and more.
- For customers with an electric forced air furnace, the **Save On Energy Heating and Cooling Initiative** provides rebates to help offset the cost of purchasing and installing new heating and cooling equipment in the home, such as a high efficiency furnace with an electronically commutated motor (ECM), or an ENERGY STAR certified central air conditioner.
- For qualified low income customers, the Home Assistance Program provides a range of measures at no cost to improve the energy efficiency and comfort of your home, ranging from simple measures like faucet aerators and LEDs to possible replacement of refrigerators and window air conditioners.

- New pilot programs and program enhancements are being rolled out to expand customer offerings. For example, Hydro One and Enwin Utilities are piloting programs to help customers with electric space or water heating to take advantage of new heat pump technologies to reduce their electricity consumption. Air source heat pumps can reduce space heating costs by up to 50%.
- A province-wide whole home pilot program is currently being designed by the Independent Electricity System Operator, in collaboration with natural gas and electricity utilities, which will also build on the existing home energy audit and retrofit programs to offer incentives for electricity saving measures.

NORTHERN ONTARIO/REMOTES

Q. Some northern Ontario municipalities, especially in the northwest, are concerned about the reliability of the electricity supply in the region. Are you confident the region will have enough power in the coming years?

Our priority is to ensure there continues to be a stable, reliable and cost-effective supply of electricity.

Electricity needs in the Northwest region are being driven by mining and forestry operations as well as growth in the communities that support them. The Independent Electricity System Operator (IESO) is conducting a review of these needs on the bulk system and through regional plans.

The 2013 Long-Term Energy Plan (2013 LTEP) identified several priority transmission projects in the Northwest to ensure reliable and adequate electricity supply and enable growth in the region. These include the East-West Tie, the Northwest Bulk and the connection of remote First Nation communities including enabling infrastructure such as a new line from the Ignace/Dryden area to Pickle Lake.

The government continues to monitor progress to develop these priority lines and is taking action when appropriate to ensure they move forward to construction.

Q. Many remote First Nation communities in northwestern Ontario still rely on diesel generators for power. Does the government plan on connecting them to the transmission grid?

Ontario is moving forward to connect remote First Nation communities in Northwestern Ontario to the electricity grid, which currently depend upon costly and dirty diesel powered generators.

There are 25 remote First Nation communities in northwestern Ontario not currently connected to the provincial electricity grid that instead use on-site diesel generators for electricity. The diesel fuel either has to be flown in, or be brought in on winter roads. The IESO's analysis shows that up to 21 of the 25 communities are economical to connect to the provincial electricity grid, and that doing so would result in significant savings over the long term as compared to continued diesel use.

Ontario has selected Wataynikaneyap Power LP (Watay Power) to pursue a transmission project connecting 16 of the remote First Nation communities identified by the IESO. The project

includes building enabling infrastructure between Dryden and Pickle Lake, and building transmission lines to connect all of the communities.

Watay Power is an unprecedented partnership between a consortium of 22 First Nation communities working with a transmission partner, Fortis Ontario/RES Canada.

Connecting remote communities to the grid removes barriers to community growth and will spur economic development. Once complete, the project will provide over 10,000 people living in remote First Nation communities in northwestern Ontario with a reliable supply of electricity. Grid connection will also reduce the environmental risks of using diesel and lead to a cleaner electricity supply and a reduction in air pollution in these communities.

In alignment with Ontario's 2013 Long-Term Energy Plan (2013 LTEP), there has been significant investment and support from Ontario to implement renewable solutions for the four First Nations that are uneconomic to connect to the grid. This includes support for the development of renewable micro-grid solutions through the Green Investment Fund as well as a direction to the IESO to enter into a first-of-its-kind power purchase agreement for Whitesand First Nation's proposed renewable biomass facility, which factors in employment, fiscal, environmental and social benefits to the community.

NATURAL GAS EXPANSION

Q. Some municipalities have been looking into bringing natural gas to their communities. Will the province help municipalities with the costs?

We know access to natural gas is an important issue, especially for Ontario's rural and northern communities.

Natural gas expansion can be expensive and may require large customer contributions to make it viable in more rural and remote communities, which poses a challenge for many communities.

Natural gas expansion in Ontario is overseen by the Ontario Energy Board (OEB) and managed by the private sector gas distribution companies.

Natural gas expansion plans must be reviewed and approved by the OEB. The OEB considers economic, environmental and social factors when evaluating pipeline expansion projects.

To assist with natural gas expansion the Ministry of Infrastructure, with support from ENERGY and OMAFRA, is establishing two programs:

- A \$200 million Natural Gas Access Loan program to be launched in the fall of 2016 to help communities partner with utilities to extend access to natural gas supplies; and
- A \$30 million Natural Gas Economic Development Grant to accelerate projects with clear economic development potential.

On February 17, 2015, the Minister of Energy wrote to the Ontario Energy Board (OEB) requesting that OEB work to ensure that the regulatory environment is ready to address connecting rural and remote communities to natural gas. In response, the OEB sent a letter to potential applicants interested in distributing natural gas to these communities.

On January 20, 2016, the OEB announced it would conduct a “generic” policy proceeding to determine whether and how to relax regulatory parameters around natural gas expansion.

Over Spring/Summer 2016, the OEB has conducted its generic hearing process.

The OEB’s decision is expected to be released in fall 2016.

Q. Are you going to ban natural gas as part of the Climate Change Action Plan?

Natural gas remains a clean, reliable option, and it will continue to play a critical role in Ontario’s energy mix.

In 2015, we announced a \$230 million investment to expand access to natural gas through rural Ontario.

Through the release of Ontario’s Climate Change Action Plan, we are continuing our commitment to expand gas into northern and rural communities.

We are also looking at opportunities to lower the carbon intensity of our natural gas system through the inclusion of renewable natural gas. In May we announced we will be investing up to \$100 million in cap and trade proceeds over four years to support the introduction of renewable natural gas.

Renewable natural gas is a low-carbon fuel that does not add new carbon to the atmosphere. It is fully interchangeable with conventional natural gas and uses the same infrastructure.

Our action plan supports energy conservation and the use of low-carbon alternatives — including natural gas.

NUCLEAR SECTOR

Q. The government’s 2013 Long-Term Energy Plan (2013 LTEP) laid out a plan for the future of nuclear power in Ontario. Has anything changed since 2013 LTEP was released?

Our 2013 LTEP, *Achieving Balance*, maintains Ontario’s commitment to providing clean, reliable and affordable energy throughout the province.

The role for nuclear power in Ontario as laid out in the 2013 LTEP remains the same. Ontario will continue with the planned refurbishment of our current reactors at Darlington and Bruce.

The refurbishment of Ontario’s nuclear fleet represents a multi-billion dollar investment and continued support of the province’s nuclear supply chain and operations for decades to come.

The province will also continue to encourage and foster exporting Ontario's nuclear expertise in order to leverage new revenue streams for the benefit of the Province.

Q. What are the advantages of nuclear refurbishment?

Nuclear refurbishment received strong, province-wide support during the 2013 Long-Term Energy Plan (2013 LTEP) consultation process.

The 2013 LTEP re-affirmed our plans to refurbish 10 nuclear units at the Darlington and Bruce Generating Stations. Together, these refurbishments will secure over 9,800 MW of affordable, reliable and emission-free generation capacity. The refurbishments also represent a total investment of \$26 billion and continued support of the province's nuclear industry for decades to come.

Refurbished nuclear is expected to be the most cost-effective generation available to Ontario for meeting baseload requirements. Medium term projections show that the costs of refurbishment are approximately 50 per cent less than the cost of new build nuclear.

Existing stations are located in supportive communities with access to high-voltage transmission.

Nuclear generation produces no greenhouse gas emissions.

CAP AND TRADE

Q. How will the electricity sector be affected by cap and trade?

Ontario has been taking strong climate-positive actions for years, such as successfully eliminating coal as a source of electricity generation and developing a long-term energy plan that focuses on a safe, clean, reliable and affordable energy future.

The elimination of coal-fired generation represents a 30 Mt reduction in greenhouse gas (GHG) emissions since 2003. Ontario's electricity sector is now over 90 per cent emissions free. As a result of these efforts, Ontario's electricity system is in a strong position as we move forward with implementing the province's cap and trade program.

Under the cap and trade program design, Ontario's natural gas distributors will be the "point of regulation" for Ontario's natural gas-fired electricity generators and users that are not directly covered under the program. This means that natural gas distributors will purchase allowances to cover emissions of natural gas-fired electricity generators and other consumers that are not directly covered under cap and trade.

As a regulated entity, costs incurred by gas distributors to comply with the cap and trade program would be passed on to natural gas consumers once reviewed and approved by the Ontario Energy Board (OEB).

Emissions from electricity generation would be subject to a carbon price through the cost of fuel.

Natural gas-fired electricity generators are expected to pass on to consumers the cost of carbon through increased offers into the wholesale electricity market.

Q. What are the estimated impacts of cap and trade on electricity consumers?

As outlined in the 2016 Budget, the government intends to recycle a portion of the cap and trade auction proceeds to fund committed investments in electricity sector initiatives that reduce GHGs such as conservation programs.

The government will also take steps to ensure that the net impact of cap and trade would not result in an overall increase in electricity costs for average commercial and industrial consumers.

To address the 2016 Budget commitment, a range of approaches are being considered.

A final decision has not yet been made.

Local Distribution Companies (LDCs)

Q. What is your position on Local Distribution Company (LDC) consolidation?

We are always looking for ways to help minimize price impacts on Ontario families and businesses. This includes the possibility of finding efficiencies through restructuring and consolidation of electrical utilities.

Our government has been clear that we will not be forcing the consolidation of Local Distribution Companies (LDCs), but will work to create incentives for voluntary consolidation.

The Province is moving forward with the Premier's Advisory Council on Government Assets recommendations to sell its interest in Hydro One Brampton to three other large utilities – PowerStream, Enersource and Horizon.

Q. How is the government encouraging voluntary consolidation?

As announced in the 2015 Ontario Budget, the Province is providing time-limited relief on taxes pertaining to transfers of electricity assets for all municipal electricity utilities (MEUs), including transfers to the private sector. This includes:

- Reducing the transfer tax rate from 33 to 22 per cent;
- Exempting MEUs with fewer than 30,000 customers from the transfer tax; and
- Exempting capital gains arising under the PILs Deemed Disposition Rules.

These measures are for the period beginning January 1, 2016 and ending December 31, 2018.

This represents a major step forward in promoting Local Distribution Company (LDC) consolidation in Ontario, in line with the recommendations made in the 2012 Ontario Distribution Sector Review Panel Report.