

MINISTRY COMMENTS

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Introduction

The four Ontario government ministries addressed in the report (Ministry of Energy, Ministry of the Environment and Climate Change, Ministry of Health and Long-Term Care, Ministry of Natural Resources and Forestry) and the Independent Electricity System Operator were invited to provide a formal response to Making Connections: Straight Talk About Electricity in Ontario.

Only the Ministry of Energy elected to provide a formal response, which is provided on the following pages.

Response: Ministry of Energy

We welcome and thank the Commissioner for her advice. We will carefully review the comments and recommendations.

We appreciate the effort to present the picture of energy in Ontario in a broad context, and the emphasis you place on the importance of conservation to meet future emissions reduction targets.

As the report recognizes, the electricity system as a whole is benefitting from conservation through the reduced use of existing generation, and reduced need for capital investments in new generation. Further, we appreciate that the report highlights that electricity conservation has also helped reduce peak electricity demand – without electricity conservation actions, including programs and codes and standards, the province’s annual electricity use would have been almost 9 per cent higher and peak demand 16 per cent higher in 2016.

As the ECO points out in her report, “replacing coal-fired electricity with nuclear, renewables, conservation, and natural gas has cleaned the air, reduced greenhouse gas emissions, and increased electrical grid capacity and resilience.” The report also indicates that if large scale electrification happens in transportation and home and office heating, the demand for electricity will rise. With low-carbon electrification, electricity conservation will be important to limit new electricity loads, and the potential to do so needs ongoing analysis.

Conservation First Commitment

The 2017 Long-Term Energy Plan (2017 LTEP), *Delivering Fairness and Choice* is a road map that sets out the direction for Ontario’s energy future while placing an emphasis on conservation and efficiency. The 2017 LTEP reaffirms Ontario’s commitment to Conservation First to improve affordability and choice for people, businesses and communities, and to co-ordinate its conservation programs with Ontario’s climate change objectives.

We appreciate the need to regularly evaluate conservation potential in the province to ensure that conservation is aligned with system needs.

Ministry Comments

Our agencies are required to assess the achievable potential for energy and peak demand reductions and the resultant GHG emission reductions every three years. A growing shift towards whole building approach and multi-fuels measures is driving a need for further integration. As a result, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB) are planning to conduct an integrated study for the 2019 achievable potential studies, expected to be submitted to the Minister by June 2019. In addition, IESO and OEB's mid-term reviews of the electricity and natural gas conservation frameworks will help inform the balance of the frameworks and beyond.

Low Carbon Electricity Sector

We are pleased to see the ECO confirm once again that there are currently no portfolios of alternative low-greenhouse (GHG) emission generation that could replace nuclear refurbishment at a comparable cost. Furthermore, the report confirms that a decision to not extend operation of the Pickering nuclear station would likely result in an increase in GHG emissions. Operating Pickering up to 2024 would provide reliable, low cost power to meet Ontario's round-the-clock electricity needs during a period when a number of our nuclear units are offline for refurbishment.

In her report, the ECO emphasizes the importance of preparing the electricity sector for the low carbon transformation of our energy system. We disagree with her diagnosis of Ontario's preparation for this transition. In 2017, over 95 per cent of Ontario's electricity already came from non-emitting sources of generation, and Ontario's electricity sector is forecast to account for only about two per cent of Ontario's total GHG emissions in 2017 - and be more than 80 per cent below 1990 levels.

Ontario remains committed to an electricity system that includes renewable energy generation and supports the goals of the Province's Climate Change Action Plan (CCAP). The Ministry of Energy worked closely with the Ministry of the Environment and Climate Change throughout the development of the 2017 LTEP.

The 2017 LTEP includes increased demand related to the electrification of transportation. While further electrification of the economy is expected to lead to even greater demand for electricity, Ontario has the time and flexibility to bring more clean electricity online to meet that demand when it occurs, in addition to pursuing incremental conservation.

Our system has a flexible, dependable, and prudent planning process to support increased reliance on clean, reliable, and affordable electricity. Preparing a Long-Term Energy Plan (LTEP) every three years provides the needed planning flexibility to address changes in Ontario's electricity demand and secure cost-effective supply as demand emerges.

Building on Ontario's near emission-free system, the IESO is closely considering how non-emitting energy resources can be further integrated into the electricity system within its Market Renewal initiative. A non-emitting resources subcommittee has been established to consider the unique characteristics and cost-effective participation of resources such as storage, demand response, wind and solar.

Additionally, proceeds from the province's cap-and-trade program are being used to fund actions to reduce GHG emissions, such as supporting Ontarians in shifting away from fossil fuels and investing in emerging clean technologies. The Ministry of Energy is also working with industry partners to introduce renewable natural gas into the province's natural gas supply and expanding the use of lower-carbon fuels for the transportation sector.

Ontario has legislated emissions targets for 2020, 2030 and 2050. The Ministry of Energy, through the LTEP planning process, remains committed to ensuring that Ontario has a clean, affordable electricity system that can meet all future demand while developing the regulatory frameworks required to encourage technological innovation and the use of new alternative energy sources.

Again, we thank the ECO for her detailed report and her consideration of this sector. We look forward to continuing to advance our work on conservation and low carbon electricity.