May 12, 2023

The Hon. Todd Smith
Ministry of Energy, Energy Supply Policy Division
7th floor, 77 Grenville Street
Toronto, ON
M7A 2C1

Re: Pathways to Decarbonization (ERO 019-6647)

Dear Minister Smith,

The Canadian Biogas Association (CBA) is a member driven organization that supports the diverse needs of the biogas and renewable natural gas (RNG) sector. We represent over 185 member companies and our goal is to build a strong, robust biogas & RNG industry in Canada.

The CBA appreciates the opportunity to provide comments on the "no regrets" actions that were part of the Independent Electricity System Operator's (IESO's) Pathways to Decarbonization study. Our submission focuses on Questions 3 and 5, which deal with the need for additional investment in clean energy resources, including low carbon fuels such as biogas and renewable energy.

As the Pathways to Decarbonization report outlines, Ontario needs new electricity resources. Electricity demand is expected to increase by an annual average of almost two per cent over the next 20 years, and current generating infrastructure is aging, including the Pickering nuclear station which is scheduled to be retired mid-decade. Existing and available resources will not be sufficient to meet expected needs. Decarbonization goals intensify the need for clean, reliable and affordable resources like biogas and RNG.

Biogas is a proven, renewable energy source that is contributing to Ontario's electricity mix today. It is created when organic matter breaks down in an oxygen free environment. The main component of biogas is methane, which is also the key component of natural gas. Biogas can be used to generate electricity, or it can be captured and cleaned to create RNG..

There is significant potential for biogas & RNG to make an increasing contribution to meeting Ontario's future electricity needs. However, investment is needed to both further develop this technology and to ensure that current biogas facilities are maintained.

In its Pathways to Decarbonization report, the IESO recommended an increased investment in innovation in low carbon fuels. Given both the potential and the need for low carbon fuels, further development of biogas & RNG should be targeted for that investment with policy initiatives, innovation incentives, and other measures introduced to stimulate the growth of this pathway. This could include:

1) The establishment of clear medium- and long-term targets for both biogas and RNG, similar to regulations in Quebec requiring a minimum of 10% renewable gas in the grid by 2030, and commitments in British Columbia in the CleanBC Plan to have minimum renewable gas content of 10% by 2030.
2) A specific innovation stream similar to what has been introduced with the IESO's Hydrogen Innovation Fund.

There are more than 56 biogas facilities in Ontario under contract with the IESO, representing approximately 26 MW, and 16 landfill gas facilities representing approximately 53 MW for a total of 79 MW. These facilities support the farming industry, communities, and municipalities who already rely on biogas facilities for revenue, local employment, and methane capture in landfills.

However, these contracts begin expiring in 2027 , and there are limited commercial pathways for these facilities to remain operational. Ontario will continue to need the electricity that these facilities generate and effort needs to be initiated to ensure that contractual terms are available.

As part of the "no regret" decisions, the Ontario government should ask the IESO to begin discussions to develop contractual terms that would ensure these facilities can continue to operate past their current contract expiry dates and contribute to the province's net zero goals.

And finally, the IESO should begin working with the CBA and other stakeholders to develop pathways or procurement mechanisms to enable prospective biogas facilities to provide grid services in the Ontario market. We estimate there is potential for the development of an additional 250 MW of biogas electricity generation in the province. However, no commercial pathway currently exists for new biogas facilities.

It is imperative that the Government of Ontario invest early to ensure that biogas & RNG remain viable pathways to reducing the reliance on emitting resources. There remains the potential for these facilities, along with investments in RNG, to kick-start growth and long-term economic returns for taxpayers and ratepayers alike.

We appreciate the opportunity to provide this input on such an important topic and questions. The CBA and its members look forward to continuing to work with you and ensure that Ontario continues to benefit from a sustainable, affordable, and reliable system in the future.

Sincerely,

Jennifer Green

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