Region of Peel
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May 12, 2023

Ministry of Energy, Energy Supply Policy Division
7th floor, 77 Grenville Street
Toronto, ON M7A 2C1

Re: IESO Pathways to Decarbonization Study (ERO 019-6647)

To whom it may concern:

Peel Region would like to thank the Ministry of Energy for seeking input on the findings of the IESO Pathways to Decarbonization Study. We are appreciative of the opportunity to comment on ERO 019-6647 IESO Pathways to Decarbonization Study.

Please note that the following comments to the questions in the ERO posting are provided by Peel Region (Peel) staff and may be considered by Region of Peel Council for endorsement. If additional or differing comments are provided through a Council resolution, these comments will be forwarded to the Ministry for its consideration.

What are your thoughts on the appropriate regulatory requirements to achieve accelerated infrastructure buildout? Do you have specific ideas on how to streamline these processes?

The first step in ensuring the timely development and expansion of energy infrastructure is having a well-planned and collaborated energy visions and approach that is prepared on schedule and in scope. The expansion of clean reliable energy should not come at the cost of the environment, that its pursuit, is intended to protect. Greater collaboration with affected stakeholders from the onset of a project can help garner greater buy-in and avoid additional questions later on in the review process. It is important to note that the length of time for review process is a reality for all energy projects and not unique to clean energy projects.

Part of the challenge for approvals is due to the size and scale of the generation project and its proportional impact to the community and environment. To help alleviate this challenge Independent Electricity System Operator (IESO) is encouraged to explore more environmentally benign decentralized generation projects that are can be more dependent on less controversial non-wired transmission solutions.

The Peel Region (Peel) works with the local municipalities on permits and approvals. Peel also works closely with the local utilities as complex discussions are underway regarding grid capacity and electrification. As new information becomes available, the Peel and its local municipalities will continue seek ways to ensure the permitting process is streamlined and that the roles and responsibilities of both Peel Region and local municipalities are clear.

Peel has expressed interest in the past in engaging with the Electrification and Energy Transition Panel to discuss how we can work with panel members to support our shared goal of increasing sustainable energy generation. It is important that stakeholders are aware and inform the larger vision so they can support the journey.

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What are your expectations for early engagement and public or Indigenous consultations regarding the planning and siting of new generation and storage facilities?

Peel has prioritized building and strengthening its relationship with Indigenous groups in a deliberate effort to ensure groups are engaged and part of the consultation process where appropriate. Peel has hired a staff person who specializes in Indigenous relations with the intent to strengthen the relationship between Indigenous groups and services that the Peel Region is moving forward with. This approach will formalize the process in which Peel consults and seeks input/feedback from Indigenous groups.

Do you believe additional investment in clean energy resources should be made in the short term to reduce the energy production of natural gas plants, even if this will increase costs to the electricity system and ratepayers? What are your expectations for the total cost of energy to customers (i.e., electricity and other fuels) as a result of electrification and fuel switching?

Peel Region has a 2030 emissions reduction target of 45% below 2010 levels and a longer term 2050 target that aligns with net zero ambitions. Reaching our climate change mitigation targets will require a significant switch from reliance on fossil fuel energy to clean electricity. This necessitates producing more clean electricity, using clean electricity to power more homes, vehicles, businesses, and industries and phasing out GHG-emitting generators – a position strongly supported by Peel Regional Council.

In 2020, Peel requested that the Minister of Energy and Northern Development and Mines direct the Ontario Energy Board and the IESO to assist in the development of a plan to phase out natural gas fired electricity generation in the province while meeting Ontario's electricity needs reliably, competitively, transparently, efficiently and at lowest cost. There has been no change in Peel's position.

In 2021, the federal government made a commitment that Canada's electricity generation would be net zero by 2035. This means that any remaining emissions of heat-trapping gasses would be offset by the capture and permanent storage of atmospheric carbon. As the regulations are written now, after 2035, emissions that would be permitted would have to be offset by negative emissions or be subject to a financial compliance payment in line with the carbon price at the time. The IESO's assessment of the Moratorium scenario has led them to conclude that they will require 8,000 MW of natural gas on the system in 2035, particularly in the GTA, to ensure reliability. The Ministry should account for how federal regulations would affect electricity costs and ratepayers if natural gas is kept in the system in 2035 and beyond. Peel Region cannot comment at this time with respect to rising electricity costs and providing financial relief to residents.

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Are you concerned with potential cost impacts associated with the investments needed? Do you have any specific ideas on how to reduce costs of new clean electricity infrastructure?

Peel Region recognizes and appreciates that there are cost implications associated with increasing demand and potential impacts to ratepayers, especially vulnerable populations who are more likely to experience energy insecurity. The Ministry should illustrate the cost breakdown of new investments and clarify if the cost impacts are associated with clean electricity infrastructure or the needed investment in more electricity generation. This would allow stakeholders to better understand where costs are coming from and assess any premiums associated with different electricity generation sources to make informed decisions. The costs of decarbonization should be assessed with socioeconomic effects of not decarbonizing the provincial electricity system.

An integrated planning approach to expanding infrastructure, modernizing grid technologies and offering incentives to customers to encourage emerging technologies present other opportunities for addressing cost impacts.

Furthermore, the Ministry should consider how expanding conservation efforts would help offset some of the needs for additional infrastructure.

Following the end of the current 2021-2024 energy efficiency framework how could energy efficiency programs be enhanced to help meet electricity system needs and how should this programming be targeted to better address changing system needs as Ontario's demand forecast and electrification levels grow?

Greater attention must be given to leveraging Ontario's smart grid network allowing for improved load management, peak shaving and reducing the scale of infrastructure expansion. This can be enabled through energy storage systems, demand response, and improved controls and automation. Peel has provided feedback to the IESO suggesting that in addition to the current offerings, providing financial support for market ready technologies (i.e. air source heat pumps) that support electrification is needed. The custom incentive program was reintroduced this year through the Save on Energy Program to support larger energy initiatives, which for Peel is a meaningful addition since many projects at the Region are complex in nature and can significantly reduce GHG emissions and increase efficiency in energy use.

What are your thoughts on the potential for development of new hydroelectric generation in Ontario by private-, Indigenous- and government-owned developers?

Consideration should be given to support Indigenous-led generation projects which will create new opportunities within communities through training, capacity building, community energy planning and operation and allow for traditional knowledge of protecting lands and natural resources.

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What steps should be taken to ensure that transmission corridors can be preserved and lines can be built as quickly and cost effectively as possible?

Exploring options for decentralized clean energy is an important first step in promoting more resilient non-wired solutions that do not require the scale of transmission present in centralized generation solutions.

Transmission infrastructure will become increasingly vulnerable to more intense and frequent extreme weather brought on by climate change. Should transmission infrastructure be necessary it is important that system planning uses a climate change resiliency lens to ensure reliability and continuity of services as transmission outages directly affect Ontario's generation supply and electricity market pricing.

Peel would be interested in understanding where future transmission corridors would be in an effort to preserve and ensure infrastructure is built cost effectively. Where possible, electricity infrastructure should be located with other infrastructure (e.g., transportation corridors) to reduce overall impacts to natural heritage areas, farmland, and existing and planned communities and employment lands. Electricity infrastructure should also be compatible with other types of infrastructure like existing and planned transportation networks, municipal water and wastewater infrastructure and internet infrastructure.

Do you have any additional feedback on the IESO's "no-regret" recommendations?

Peel Region is supportive of continuing to explore options for district energy systems to help meet Ontario's future electricity demand. District energy systems are a key component to addressing reductions in GHG emissions, encouraging compact settlement form, and ensuring reliable community energy delivery. System development can also generate local economic benefits like aggregated energy pricing, employment creation, diversified and reliable energy and municipal revenue generation. The development of a district energy system is a very complex process, requiring the expertise of many specialists, and support from local stakeholders. There are planning implications for the implementation of district energy systems, which require forethought at the beginning of the planning process and opportunities to support community-based energy solutions through policy.

There are several institutional challenges to implementing district energy related to policy, ownership structure, the development environment and contract and rates. Complex relationships between Ontario's various energy agencies, ambiguity regarding responsibility, variations in political policies and uncertainty regarding rate programs present risks to district energy development and can stall progress and lock in more new development using conventional energy for decades to come. The Ministry can explore ways to bring clarity to roles and responsibilities for the development of district energy systems which would help encourage adoption.

Furthermore, the development of district energy systems often requires the individual community to bear the cost of expansion, but the Ministry could explore others models which would allow the costs to be written off across the entire network of customers and therefore de-risk investment or spread the investment risk.

Conclusion

Peel looks forward to continuing to work with the Ministry, local municipalities, IESO, the Electrification and Energy Transition Panel, and other stakeholders to meet Ontario's electricity needs. I would be pleased to provide any clarifications or additional comments on these matters. I can be contacted at jeremy.schembri@peelregion.ca

Sincerely,

Jeremy Schembri,
Manager, Office of Climate Change and Energy Management

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