

Supporting Ontario's Energy Vision

AMO SUBMISSION TO VARIOUS ENVIRONMENTAL REGISTRY OF ONTARIO
CONSULTATIONS

ERO 019-9284
ERO 019-9285
ERO 019-9300
ERO 019-9324
ERO 019-9373

November 22, 2024

Executive Summary

The Association of Municipalities of Ontario (AMO) is pleased to provide comments on various Environmental Registry of Ontario consultations related to energy and the Province's proposed vision for Ontario's energy system.

Municipalities are committed to working with the Province and energy partners to deliver clean, reliable, and affordable energy. AMO has previously called on the government to prepare and deliver a clear plan for Ontario's energy future.

AMO strongly supports an integrated approach that sees local housing and economic growth needs at the centre of energy planning. However, municipalities need continued provincial support, resources, and guidance to be informed and active partners in realizing Ontario's energy future.

Adopting an Integrated Energy Resource Plan (ERO 019-9284, ERO 019-9285, ERO 019-9373, 019-9324)

We applaud the release of the vision paper "Ontario's Affordable Energy Future: The Pressing Case for More Power", and the commitment to consult on this plan. This is a key step to developing an integrated energy plan that meets the needs of all Ontarians.

In AMO's [recent submission](#) to the Standing Committee on the Interior, we called on the Province to include the following in an integrated energy plan:

- a commitment and fully resourced plan to meet net-zero emissions by 2050
- coordination between energy planning and local growth planning to ensure that energy infrastructure is ready to support housing and economic growth
- a commitment to ensure that the cost and risks of funding new energy infrastructure shifts will not be transferred to municipalities and Local Distribution Corporations (LDCs).

A Commitment and Plan for Decarbonization and Electrification

Municipalities are making decisions about energy today that will have long lasting impacts. If we are to make informed decisions, it is essential that we have a clear understanding of the Province's long-term plan for the decarbonization of Ontario's energy supply. Without this clarity, municipalities are limited in their ability to understand the benefits and risks to hosting energy projects including renewable generation and storage, or natural gas or other proposals.

The federal government has committed to achieving net-zero emissions by 2050. The Independent Electricity System Operator's (IESO's) "Pathways to Decarbonization"

report has provided a way forward on how this goal can be met. Even the government's own Electrification and Energy Transition Panel has recommended the Province commit to a clean energy economy by 2050 and align government policy with other jurisdictions. As well, the Panel's report consistently speaks to the role of decarbonization as part of clean energy policy. As the panel stated in its report: "Much of the world – including Ontario's major trading partners – has committed to achieving economy-wide carbon neutrality by 2050. Net zero pledges now cover 90 percent of global gross domestic product [GDP]. In the context of this shift... the Panel recommends that Ontario adopt a strategic approach to economic and energy policy that contributes to the global climate solution".

Municipalities are increasingly hearing from residents about the urgent need for governments to take strong, immediate action to combat climate change, transition to clean energy, and mitigate the devastating impacts of extreme weather incidents and other climate-related challenges. The impact that flooding and forest fires have across the province wreaks havoc on impacted communities and necessitates significant municipal resources to address – from emergency services to repairing our infrastructure.

Municipalities are on the front lines, bearing the brunt of climate change costs – in fact the Financial Accountability Office of Ontario estimates that changing climate hazards will add over four billion dollars per year to the cost the maintaining this province's existing assets, most of which municipalities manage.¹ Investing in clean energy is crucial to mitigating these costly climate impacts. To ensure effective and coordinated efforts, local decisions about new energy project investments must align under a province-wide decarbonization strategy.

Now is the time to set out a clear path forward for clean energy. We call on the Province to commit to the decarbonization of Ontario's energy supply, and the adoption of a target of net-zero by 2050. As part of this commitment, the proposed integrated energy plan should:

- commit to, and provide a clear plan to meet a net-zero emissions target including resources and financial support where there are impacts on municipalities to make the plan achievable
- implement the recommendations of the Province's Electrification and Energy Transition Panel related to decarbonization, electrification, and clean energy opportunities
- incentivize and fund the expansion of renewable energy generation including clarity on the proposed energy mix (i.e., outline of the roles of nuclear, hydro-electric, natural gas, low carbon hydrogen, solar, wind, and biofuel)
- provide a roadmap for the future, the changing role of natural gas and biofuel to support reliability as part of a decarbonized energy supply

- prioritize initiatives to improve energy efficiency and reduce emissions including harmonizing green building standards with the national construction codes.

Increasing Energy Efficiency and Affordability

In our [recent submission](#) to ERO 019-9235 – Electricity Energy Efficiency Framework we expressed our support for changes that would allow the IESO and LDCs to offer a broader range of programs to help improve energy efficiency. We understand that reducing electricity consumption is the most cost-effective way to increase the electrical capacity available to power homes and businesses and reduce energy bills.

We strongly support the proposed expansion of programming for “beneficial electrification” under ERO 019-9373 to enable and encourage the IESO to develop and deliver programs to support customers in transitioning to electrical energy instead of fossil fuels for uses such as home heating. As AMO has previously noted, this transition will impact different parts of the province in different ways and needs to be approached with caution to ensure the reliability of the electricity network as reduced reliance on fossil fuels increases electrical demand.

Coordinating Energy Planning with Municipal Growth

Municipalities are on the front lines of planning for local growth, and leading major development and infrastructure projects that support housing and economic development. Similarly, LDCs are building the electricity distribution infrastructure to power these new developments, and the IESO, Ontario Energy Board (OEB), and energy transmitters are working to ensure the provincial grid can deliver energy where it is needed.

Although each of these partners plays a pivotal role in energy planning, it is essential that their work is coordinated, and their planning assumptions are aligned to make sure the right infrastructure investments are made at the right time. However, most municipalities do not have the expertise or capacity to lead integrated energy planning and will need clear guidance and resources to be active, informed participants in the process.

Municipalities are best positioned and are actively leading on local growth planning – for example, through the development of local Official Plans. These local plans are the most reliable source to provide insight into where infrastructure is likely to be needed in the future. A provincial integrated energy plan should require energy partners to engage in these local planning processes and use local growth planning as the basis for decisions about what energy infrastructure is likely to be needed moving forward.

Electric Vehicle Charging

Municipalities are already seeing positive impacts from the adoption of electric vehicles (EVs) in Ontario. Much focus has been on major economic opportunities such as new manufacturing facilities or expanding the critical mineral extraction sector. But municipalities also see smaller scale benefits including increased patronage of local businesses where EV charging stations are installed as drivers explore communities while waiting to charge their vehicles. Smart, two-way charging systems that allow drivers to charge vehicles overnight and draw on the energy stored in car batteries during the day to reduce consumption and lower household energy costs are also beneficial to improving energy affordability. EVs will play a key role in Ontario's decarbonization.

AMO supports proposed changes to clarify that would allow reduce the burden on EV charging companies to expand their networks, which will enable EV network expansion. We also recommend that the Province use the proposed Integrated Energy Plan to encourage measures that would further support the growth of EV adoption in Ontario while also ensuring there is an adequate increase in electricity generation to support the increased consumption that will result from more vehicles drawing on the electrical grid.

Consulting with Municipalities

As AMO noted in our submission to Standing Committee on Bill 214, the proposed legislation includes a requirement for the Minister to consult with “consumers, distributors, generators, transmitters, [and] Indigenous communities” before issuing an integrated energy plan, and on subsequent plans. Municipalities are notably absent on this list of key groups to be consulted with – an omission that disconnects energy planning from the homes and businesses that it needs to serve.

The legislation also sets out a series of goals and objectives that an energy plan should include, such as affordability, reliability, expansion and modernization of infrastructure, and an overview of roles of different types of energy. While this list speaks to ensuring energy is available to meet economic growth and trade, it does not speak to aligning energy planning to meet housing or other local growth needs.

If Bill 214 is not amended to correct these oversights, then we ask the Province to reflect the role of municipalities at the centre of planning for Ontario's growth in the Integrated Energy Plan. Any plan that does not include consultation and ongoing engagement with municipalities to ensure that the energy system reflects local growth, cannot, by definition, meet the goals of integration and coordination. The best Integrated Energy Plan would reflect and entrench in planning the central role municipalities play in supporting the energy system, helping grow the energy economy, and powering our communities.

Managing New Connections and Energy Infrastructure (ERO 019-9300)

Clear direction on new 'last mile' connections is essential and AMO supports the action the Province has proposed to remove barriers to new connections by shifting the cost and risk of new connections away from "first movers". As this connections funding model evolves, we ask the Province to ensure that any new costs and risks do not fall to municipalities or LDCs who already face challenges funding growth-enabling infrastructure. Without a provincial approach to backstopping new connections, municipalities and LDCs would have to cut services, raise energy rates, or increase property taxes to address shortfalls.

AMO has previously called for a funding model for electricity infrastructure that includes the principles of fairness, coordination, consistency, and decarbonization:

- fairness, to ensure the costs of new infrastructure are balanced between new and existing residents
- coordination, to ensure new capacity is available when and where it is needed
- consistency, so that LDCs across the province are using the same approach and funding model to pay for growth
- decarbonization, including planning, facilitating, and incentivizing the increased use of clean energy where possible to decarbonize Ontario's grid.

Conclusion

We are encouraged to see work on the Province's energy vision, Bill 214, and promise for an Integrated Energy Plan in 2025. We are pleased to see action being taken to coordinate planning for Ontario's energy future and ensure municipalities are active participants in the process. We look forward to seeing a draft integrated energy plan come forward for further consultation with municipalities. Together, we can help deliver clean, reliable, and affordable energy to our communities.

¹ Source: FAO. <https://www.fao-on.org/en/Blog/Publications/cipi-summary>