

ERO number 019-9285
Integrated Energy Resource Plan Consultation

On behalf of TC Energy and the Saugeen Ojibway Nation, the [Ontario Pumped Storage Project \(Project\)](#) is pleased to provide feedback to inform the province's Integrated Energy Resource Plan. The Project embodies our contribution to building a better energy future for Ontario and meeting the growing energy needs of Ontario residents and businesses.

Planning for Growth

The Project is a strategically located long-duration energy storage resource that will help balance and optimize Ontario's existing and future generating assets, improve grid reliability and save ratepayers money. As the Ministry of Energy and Electrification outlined in "[Ontario's Affordable Energy Future: The Pressing Case for More Power](#)" (OAEF), the province will require new clean electricity generation and storage projects to adequately address growing energy needs. Long-duration storage can help balance the reliable baseload energy provided by existing clean energy resources. OAEF highlighted the need for quick dispatch resources like natural gas-fired power plants to meet demand peaks and ensure grid stability. Long duration storage can provide the same quick dispatch capabilities as natural gas, while also helping advance Ontario's clean energy goals by providing emissions-free power. The Project, therefore, can serve as an integral part of an integrated energy plan that utilizes all of Ontario's energy resources effectively and efficiently, and the Project is well placed to support an Ontario economy powered by affordable, reliable and clean energy.

Affordable and Reliable Energy

As a rate regulated asset, which we submit is the best commercial model for the Project, the Project will provide Ontario energy consumers with cost prudence, transparency, and the lowest costs.

- **Cost Prudence:** Cost prudence, as adjudicated by the Ontario Energy Board in a proven, regular, and transparent hearing process would ensure costs are incurred in the best interest of electricity consumers. Over the life of a project, cost recovery payments can be adjusted to reflect prevailing market rates for financing, which protect electricity consumers while providing a fair return to Project owners.
- **Transparency & Participation:** As part of the rate hearing process, the public can actively participate, with approved interveners empowered to ask questions of the

applicant, file evidence and make submissions.

- **Lowest Cost of Capital:** As a secure and stable commercial mechanism, rate regulation is well understood by project lenders, which helps drive the lowest cost of capital, thereby protecting ratepayers and taxpayers while maximizing the Project's benefit to consumers.

As Ontario works to develop planning and regulatory frameworks that support building infrastructure and resources quickly, cost-effectively, and in a way that continues to promote Indigenous leadership and participation in energy projects, we submit that Ontario should consider opening Ontario Regulation 53/05 under the *Ontario Energy Board Act* to large civil undertakings like the Project that propose significant Indigenous equity participation and offer system-wide benefits to ratepayers.

We note, further, the Project has specific characteristics that make it well positioned to support Ontario's goals for providing reliable and affordable energy to the people of Ontario:

- **Site Specific:** There are very few sites for economic pumped hydro storage in Ontario. Limited sites, combined with the fact that no-like facilities can offer similar benefits, make these assets challenging to procure through competitive means. Prioritizing a regulated approach to major projects like the Project can serve as an effective surrogate to competition in protecting the public interest.
- **Long Life Infrastructure:** The Project will be operational for 80+ years, meaning it can build the flexibility and reliability an integrated energy grid requires over the long term, stabilizing demand peaks, and ensuring the grid is operated in the most efficient and affordable manner possible for years to come.
- **A Unique Project:** The Project offers multiple services to Ontario's electricity grid that can be prudently assessed by the Ontario Energy Board to ensure that electricity ratepayers' interests are safeguarded. This is how Ontario induces investment in many hydroelectric and nuclear resources, including small modular reactors.
- **Scale of the Project:** Due to the high capacity of this Project, capital requirements are significant and as a long-term mega-project, it is best suited for longer term cost recovery such as rate regulation. This high capacity, under a long-term recovery

model, will provide maximum value for ratepayers, assisting Ontario in its plan to take advantage of a full range of generation technologies while keeping electricity rates affordable.

A big part of the solution to providing customers with affordable and reliable energy, is the resiliency provided by large-scale, long-life, long-duration storage, which can reduce costs and improve the resiliency of the entire grid.

Made-In-Ontario Energy Infrastructure

As a secure and domestic energy infrastructure project, the Project is ready to become a key driver and enabler of the province's growing economy. During pre-development, construction and into operations, the Project will generate billions of dollars for the Ontario economy. A societal and economic benefits study completed by the Canadian Centre for Economic Analysis (CANCEA) estimates a contribution of \$6.8B to Ontario's economy over the life of the Project.

According to CANCEA, the Project will:

- **Create well-paid jobs for Ontario workers:** Over a four-year peak construction period, the Project will create 1,700 direct and indirect construction jobs each year.
- **Be built with Ontario supply chains:** Of the total capital investment in the Project, 83 per cent remains in Canada of which 92 per cent stays in Ontario. This ensures that Ontario workers and businesses realize the biggest benefits from the Project.
- **Contribute to the prosperity of rural economies:** 61 per cent of the total employment benefits and 65 per cent of the total GDP benefits will occur in rural parts of the province.

Indigenous Leadership and Participation

TC Energy and Saugeen Ojibway Nation have been collaborating on building a prospective partnership for the Project, and should the project advance, Saugeen Ojibway Nation and TC Energy will both be significant equity partners.

We believe the Project represents a model for the development of large energy infrastructure in Ontario, and advances the priorities outlined by Ontario in OAEF by promoting Indigenous leadership and participation in Ontario's energy sector. By incorporating Indigenous leadership, knowledge and perspectives at the earliest stages of development, the Project has witnessed high degrees of collaboration, mutual trust and improved outcomes on project design and environmental stewardship.

Becoming An Energy Superpower

As outlined in OAEF, emerging electricity deficits in New York and the Midwest present potential export opportunities for Ontario energy – helping to lower electricity bills and creating good jobs.

During off-peak hours, electricity has lower value than during on-peak hours. While requiring firm revenue agreements for long-term exports is a prudent approach, and while expanding transmission interties opens a door for more electricity trade, generating profit from electricity exports will require large-long-duration storage assets, like the Ontario Pumped Storage Project. Projects of this nature can store low-value off-peak electricity and later deliver high-value on-peak electricity to both Ontarians and our neighbours. Pumped storage is an export super-charger for Ontario’s zero-emission generation – which can be applied both to further capitalize on Ontario’s leadership in nuclear technology and to derive additional value for ratepayers from Ontario’s current and future portfolio of wind and solar assets.

Conclusion

The goals of meeting energy needs with a reliable and affordable system, becoming an energy superpower, and supporting Indigenous leadership and partnership in energy projects are all complementary and self-reinforcing. As Ontario takes the next steps to build a reliable, affordable, and sustainable electricity system to meet energy demands and power the future of Ontario – the Ontario Pumped Storage Project will be a critical part of the plan – and TC Energy and the Saugeen Ojibway Nation are keen to advance to the next stage of project development.