

January 14, 2025

Nik Spohr,
Ministry of Energy and Electrification
77 Grenville Street
Toronto, ON, M7A 2C1

Re: Consultation to Support the Important Role for Natural Gas in Ontario's Energy System

Dear Mr. Spohr,

As the voice of Canada's manufacturing sector, Canadian Manufacturers & Exporters (CME) recognises the critical role natural gas plays in supporting Ontario's economy. We appreciate the province's efforts to integrate natural gas into its long-term energy strategy, and we thank you for the opportunity to comment on this matter.

Natural gas is a key part of a balanced energy mix, allowing for a realistic transition to lower emissions while ensuring that energy remains affordable and reliable. It also delivers four to five times the maximum capacity of the electricity system at a quarter of the cost and is much less affected by unforeseen climate events, thus strengthening reliability.

It is important that the Ontario Energy Board (OEB) ensure a rational expansion of the natural gas system to support economic growth and competitiveness, prioritising energy affordability, reliability, and long-term sustainability in the province's natural gas infrastructure. It is vital to maintain manageable connection costs for both residential and commercial consumers, particularly manufacturers, who depend on affordable energy to remain competitive in global markets. The current 40-year revenue horizon strikes an appropriate balance by spreading connection costs over time, avoiding financial strain on new consumers while supporting infrastructure investments. Maintaining this approach ensures that energy remains accessible to growing businesses in Ontario's industrial hubs.

In addition to affordability, ensuring reliable energy access is critical. Manufacturers require dependable energy supply to avoid production interruptions. Natural gas plays a key role in maintaining energy reliability, complementing renewable energy sources when they are unavailable.

Because market access depends on improving the carbon profile of our industries, especially in hard-to-abate sectors, we also believe that consistent and transparent connection policies are crucial to fostering investment in advanced energy and carbon management technologies, for example carbon capture, utilization and storage (CCUS). Long-term policy stability will encourage private sector investment and innovation, which is essential to ensuring that Ontario's energy future remains both cost-effective and environmentally sustainable.

Not all industries can fully electrify. For example, the high-energy requirements and industrial process requirements in the steel, cement and concrete sectors make decarbonization a very capital intensive and complex proposition. Furthermore, not all manufacturers are willing to take a risk on a singular source of energy. Ensuring a balanced energy mix gives investors the flexibility they need for their timelines, resilience, and operational integrity.

Finally, CME stresses the importance of expanding natural gas infrastructure in underserved regions, which is crucial for supporting small and medium enterprises. Streamlining approval processes for natural gas expansion will promote affordable energy access for rural communities and attract new investments. To maintain energy system security and resiliency, natural gas must remain a core component of Ontario's energy mix, complementing intermittent renewable sources and ensuring reliability during peak demand periods.

We would welcome the opportunity to discuss our submission with you at the earliest opportunity.

Sincerely,



Vincent Caron

Vice President, Ontario Government Relations and Member Advocacy