



## Energy for a Secure Future

Date: January 16, 2024

Subject: Energy for a Secure Future: Feedback for Consultation to support the important role for natural gas in Ontario's energy system and economy

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### 1. What principles should the government provide to the OEB to help inform the Board's ongoing development of natural gas connection policies?

The Ontario Energy Board (OEB) should be guided by principles that energy is about people and provides the underpinnings for Ontarian's quality of life, social mobility and ability to build businesses and innovate. As such the OEB must ensure that its regulatory approach responds to energy fundamentals (affordability, reliability, safety, resilience and security), acceptability, and environmental outcomes. Natural gas is an energy source that delivers on these fundamentals and today, demand for natural gas is increasing in the province and across Canada.

The Ontario Energy Board (OEB) should adhere to principles that:

- **Ensure Energy Affordability and Reliability:** Natural gas provides affordable energy for 3.8 million Ontarians. Households using natural gas save between \$500 and \$2,500 annually compared to electricity or other heating fuels.
- **Expand Access to Underserved Areas:** Nearly 30% of Ontario's Indigenous communities do not have access to natural gas. The government should subsidize infrastructure development in these regions, addressing energy poverty and supporting equitable access.
- **Promote Sustainability Through Innovation:** Policies should mandate blending RNG and hydrogen into the natural gas supply. For example, Enbridge began delivering blended natural gas with 2% hydrogen in Markham, demonstrating the feasibility of low-carbon solutions.
- **Facilitate Indigenous Participation:** Indigenous communities hold over \$1 billion in equity in energy projects across Canada. Ontario can enhance economic sovereignty by enabling Indigenous ownership in downstream distribution infrastructure through enhancement to Ontario's Aboriginal loan guarantee program.

### 2. What role should natural gas play in supporting energy affordability and customer choice in residential and small commercial applications (e.g., space and water heating)?

Natural gas plays a crucial role in supporting energy affordability and customer choice in residential and small commercial applications. It also provides energy resilience of energy supply as a parallel system to the electrical system. More specifically natural gas offers:

- **Affordable Energy:** It is an affordable and safe way to heat Ontario's homes, with households using natural gas saving between \$500 and \$2,500 annually compared to alternative fuels. According to Statistics Canada, Ontario has among the lowest rates of energy poverty in Canada,





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compared to Atlantic provinces that rely mainly on electricity, propane, and oil.

- **Reliable and Resilient Infrastructure:** Natural gas infrastructure is buried and therefore less affected by weather events, strengthening reliability and resiliency. It has not been feasible for electricity lines to be buried as it can cost up to 10 times more than building overhead infrastructure. Finally, natural gas delivers four to five times the maximum capacity of the electricity system at a quarter of the cost, making it a reliable and cost-effective energy source for space and water heating.
  - **Supporting competitiveness:** Natural gas currently represents roughly 40% stationary end use energy in Ontario supporting farming, restaurants, space heating, and heavy industry. Access to natural gas as both an energy source and heat source is fundamental to the competitiveness of many businesses where substitution with other energy sources is either not possible or not economic. Conversely natural gas access can be a pillar of competitiveness and success for Ontario industry.
3. **What role should natural gas play in supporting economic development in Ontario's industrial and agricultural sectors, including those processes that may be difficult to electrify?**

Natural gas supports economic development in Ontario's industrial and agricultural sectors by providing a reliable and affordable energy source for processes that may be difficult to electrify.

- **Competitiveness:** Industry represents 50% of stationary end-use energy in Ontario – where natural gas is the dominant energy source. Natural gas has a high-density, low cost energy source is key for keeping industry in Ontario and the jobs that are associated with them. Many energy-intensive manufacturing processes cannot be practically electrified. The agricultural industry across Ontario relies on natural gas for a range of applications including for greenhouses, grain drying, and heating for livestock and buildings. According to the Canadian Federation of Agriculture, constraints in access to natural gas, make energy more expensive for an industry that cannot pass on its costs. This can lead to the shrinking of a sector where Ontario may normally have an advantage.
- **Indigenous Equity Ownership:** Indigenous communities are increasingly becoming leaders in the development of Canada's energy economy. In the natural gas sector, they have become full or part owners in all parts of the value chain: from upstream production to transmission and utility distribution assets, through to proposed liquefied natural gas export facilities and gas storage. Indigenous nations have billions of dollars in equity positions in forward-looking natural gas development projects. The Ontario government should consider how they can facilitate more Indigenous participation, such as ownership in downstream energy infrastructure.





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### 4. What role should the government play in supporting and expediting the rational expansion of the natural gas system to make home heating more affordable and support economic growth in communities that are seeking natural gas service?

The government should play a proactive role in supporting and expediting the rational expansion of the natural gas system to make home heating more affordable and support economic growth in communities seeking natural gas service.

- **Clear Policy Direction:** Recognizing the increasing demand for affordable energy, it is essential to provide clear policy direction and investment support to reduce regulatory uncertainty and encourage investment in natural gas infrastructure. The Ontario Energy Board (OEB) must ensure timely connections and support the rational expansion of the natural gas system to meet the growing energy needs of Ontarians.
- **Prioritize Rural and Indigenous access:** Indigenous and rural communities often face higher energy costs and limited access to affordable and reliable energy sources. Expanding natural gas infrastructure to these communities can significantly reduce energy costs and improve living conditions. For example, the federal funding programs targeted to help Indigenous communities get off diesel do not fund programs involving natural gas, even though it is generally an affordable source of energy and more reliable than intermittent sources such as wind and solar, which require diesel back-up. Recent examples such as Red Rock First Nation and the Mohawks of the Bay of Quinte First Nation, demonstrate the community benefits of natural gas hook-ups (enabled by Ontario's Natural Gas Expansion program). The Ontario government should prioritize similar initiatives to ensure that Indigenous and rural communities have access to affordable and reliable natural gas.

### 5. For natural gas expansion projects receiving government support, should the approvals processes be streamlined to support affordable home heating for Ontarians? In what ways?

- **Accelerate Project timelines:** The government should accelerate timelines for projects under the Natural Gas Expansion Program (NGEP) by improving project review processes, modernizing regulatory frameworks, and streamlining permitting approvals. With strong municipal interest in NGEP funding, these enhancements would expedite project delivery, reduce bureaucratic delays, and lower costs for households and businesses seeking reliable access to the natural gas system.
- **Provide Regulatory certainty:** The government should streamline the regulatory processes and provide certainty for natural gas expansion projects. Natural gas expansion can advance through private investment where industry can be certain that if they follow a clear process they can build infrastructure, deliver services to their customers and recover their investment. Lack of certainty or surprise denials ultimately hurt customers who still need the energy and will have to find alternate and often more expensive ways to access it.
- **Attract anchor customers:** In some cases, industry needs a major customer to make natural gas infrastructure expansion to certain areas, economic. Government initiatives to attract major industrial customers can provide these anchor energy demands while, supporting job creation, local economic diversification and government revenues for public services in the province.





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### 6. What role should natural gas play in supporting power system security and resiliency?

- **Reliable Source of Energy:** Natural gas plays a crucial role in Ontario's electricity system - , providing reliable energy to meet peak demand and ensure stability during extreme weather. In January 2024, Alberta's gas system delivered over 110,000 MW of heat energy—nearly ten times the province's record electricity load—highlighting its importance for urgent heating needs. Gas infrastructure is less impacted by climate events, with underground pipelines offering greater reliability and costing far less than burying electricity lines. Across five provinces, gas utilities are 200 times more reliable, with the average gas outage occurring once every 68 years compared to 2.5 annual outages for electricity customers.

