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

Ontario Natural Gas Consultation Feedback

Dear Nik,

On behalf of GHD, I am pleased to express our strong support for the consultation process on the future of natural gas in Ontario. As a critical energy source underpinning economic growth, environmental sustainability, and energy security, natural gas plays a pivotal role in shaping Ontario's path to a low-carbon future.

At GHD, we are dedicated to supporting the energy transition through a balanced approach that integrates renewable energy with critical transition fuels such as natural gas, particularly when paired with carbon capture technologies. Retaining and optimizing existing pipeline assets is essential to continue delivering value by transporting low-carbon gaseous energy, including Renewable Natural Gas (RNG), Hydrogen, and even CO2 for permanent storage and sequestration.

GHD is a global professional services company with over 10,000 employees working across five continents. For more than 90 years, GHD has provided engineering, environmental, and advisory services to help clients solve their most pressing challenges. Our Future Energy team is at the forefront of the energy transition, delivering innovative solutions that balance the need for clean energy with economic and operational realities. With a significant presence in Ontario and a commitment to sustainable development, GHD has been a trusted partner in advancing energy systems that are resilient, reliable, and affordable. The ongoing energy transition presents both challenges and opportunities for our province. We commend your commitment to engaging stakeholders across the energy spectrum to develop policies and frameworks that will:

- Ensure reliable and affordable energy for businesses and households.
- Support innovation and the adoption of cleaner technologies, such as compressed natural gas (CNG) and renewable natural gas (RNG).
- Reduce greenhouse gas emissions while enabling Ontario to meet its climate objectives.
- Promote economic opportunities through investments in infrastructure and workforce development.

We believe a united voice for a strong energy mix, including natural gas, will help achieve Ontario's goals of a reliable, safe, and affordable energy system. We urge you to include the following messages as you consider your position for the government's consultation.

Consultation Feedback

Principles for the Ontario Energy Board (OEB):

The government should provide principles that prioritize reliability, affordability, sustainability, and equitable access when guiding the OEB in developing natural gas connection policies. Specifically:

- Reflect the true long-term costs of natural gas infrastructure investments, including potential decarbonization costs and stranded asset risks. Transparent pricing and market signals will allow for informed decision-making by consumers and businesses while ensuring financial sustainability.
- Adopt a technology-neutral approach, avoiding long-term dependency on natural gas infrastructure where lower-carbon alternatives such as heat pumps, hybrid heating systems, and district energy solutions are viable. This ensures flexibility and competitiveness in Ontario's energy system.
- Align connection policies with decarbonization goals by incentivizing investments in low-carbon solutions, including RNG, hydrogen, and carbon capture utilization and storage (CCUS).

Role in Residential and Small Commercial Applications:

Natural gas provides a cost-effective and reliable energy solution for residential and small commercial applications, including:

- Enabling hybrid heating systems that integrate high-efficiency natural gas with renewable energy sources, lowering emissions and energy costs.
- Offering resilience during grid instability and complementing renewable energy systems to maintain affordability.
- Supporting the integration of RNG and hydrogen to transition to lower-carbon solutions while maintaining customer choice and affordability.

Role in Industrial and Agricultural Sectors:

For industrial and agricultural sectors, natural gas supports economic competitiveness by:

- Facilitating high-temperature industrial processes that are challenging or uneconomical to electrify, such as in steel, cement, and chemical production.
- Supporting agricultural operations like grain drying and greenhouse heating with consistent and cost-effective energy.
- Promoting process optimization and hybrid energy solutions, enhancing efficiency while reducing environmental impact.
- Encouraging the development of low-carbon alternatives, including RNG, low-carbon hydrogen, and CCUS, to support sustainable industrial growth.

Streamlined Approvals for Expansion Projects:

Streamlined approval processes are essential for ensuring the timely and cost-effective delivery of natural gas projects. Recommended actions include:

- Implementing a coordinated "one-window" approach that consolidates approvals across ministries and agencies to reduce delays.
- Requiring new expansion projects to assess and integrate low-emission heating options, including hydrogen-ready infrastructure, to future-proof investments.
- Enhancing transparency and community engagement to maintain public trust and alignment with strategic objectives.

Role in Power System Security and Resiliency:

Natural gas strengthens Ontario's power system by:

- Acting as a flexible and reliable complement to variable renewable energy sources, such as wind and solar.

- Providing peaking capacity during high-demand periods and serving as a rapid-response backup during grid disruptions.
- Supporting advancements in combined heat and power (CHP) systems, enhancing energy security by generating electricity and heat on-site.
- Facilitating the integration of RNG and hydrogen into the grid, reducing emissions while maintaining reliability.

Role in Offsetting Higher GHG-Emitting Fuels:

Natural gas serves as a cleaner alternative to higher-emission fuels in several contexts:

- Displacing coal and oil in power generation, significantly reducing greenhouse gas emissions and improving air quality.
- Supporting the transportation sector through the adoption of CNG and LNG in heavy-duty vehicles, lowering emissions and fuel costs.
- Accelerating the adoption of RNG and hydrogen to further reduce lifecycle emissions and positioning Ontario as a leader in the clean energy transition.

We are eager to contribute our expertise and experience to this critical dialogue and stand ready to collaborate with policymakers, industry leaders, and other stakeholders in advancing Ontario's energy future. Please feel free to reach out if you would like to discuss this further.

Thank you for your leadership in initiating this important consultation process. We are confident it will yield actionable insights and policies to secure a sustainable, reliable, and prosperous energy system for all Ontarians.

Regards



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