



# Comments to the Ministry of Energy on the Important Role for Natural Gas in Ontario's Energy System and Economy

TC Energy Submission | January 16, 2025

## NATURAL GAS PIPELINES

**75 %**

of Canada's demand

...

Our 93,600-kilometre pipeline network connects the most competitive, low-cost natural gas basins to premium value markets in Canada, the U.S. and Mexico. In Canada, we have completed construction of the Coastal GasLink pipeline, enabling the first direct path between Canada and global LNG markets to deliver responsibly produced natural gas to the world.

## POWER AND ENERGY SOLUTIONS

**30 +**

years of experience

...

We own or have interests in facilities that generate approximately 4,600 megawatts of power-generation capacity, over 75 per cent of which is emissions-less. To backstop the forecasted growth in renewable power generation by 2050, our strategy in Power and Energy Solutions focuses our portfolio on world-class nuclear power generation and pumped hydro opportunities, critical for maintaining grid reliability.

## About TC Energy

We're a team of 6,500+ energy problem solvers connecting the world to the energy it needs. Our extensive network of energy infrastructure assets is one-of-a-kind. We seamlessly move, generate, and store energy for homes and businesses across North America and the globe through LNG exports. Our natural gas assets, complemented by power generation investments, provide reliable, sustainable energy solutions.

We work closely with our neighbors, customers, Indigenous peoples and governments to build relationships, create mutually beneficial opportunities and build the energy systems of the future. TC Energy has a long-time presence in Ontario supporting the province's energy needs.

We own a 48.4% stake in Bruce Power, located in Ontario, which is one of the largest nuclear power plants in the world. Bruce Power supplies 30% of Ontario's energy, providing a reliable source of power for millions of homes and businesses across the province. Additionally, its emission-free power generation plays a crucial role in supporting Ontario's clean energy initiatives.

We also own and operate the Canadian Mainline pipeline, which safely carries natural gas from the Western Canada Sedimentary Basin (WCSB) to markets in Ontario and other parts of Canada and the U.S. Throughout its history, the Canadian Mainline has and continues to supply significant volumes of natural gas to Ontario while helping to create jobs, spur development, power industries, and heat homes across the province.

## Consultation Feedback

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

To guide the Ontario Energy Board's (OEB) ongoing development of natural gas connection policies, the Ontario government should provide key principles rooted in affordability, reliability and sustainability. Specifically, we recommend the government ensure the OEB supports the government's pro-growth agenda and objectives as outlined in Ontario's *Affordable Energy Future: The Pressing Case for More Power* document. These principles are essential for balancing economic considerations with environmental concerns, while ensuring that energy policy supports the needs of Ontarians.

Principles supporting customer choice and economic development also play a vital role in shaping Ontario's policies. Maintaining a neutral regulatory framework allows individuals and businesses to select the fuel or technology that best meets their needs. This adaptability can stimulate economic growth by ensuring efficient and reliable access to natural gas—a resource essential for supporting businesses and attracting investment.

By integrating these principles, the Ontario government can ensure that natural gas connection policies not only address immediate affordability and access challenges but also contribute to achieving long-term environmental goals and economic prosperity.

### **Question #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?**

For decades, natural gas has played a significant yet unassuming role, heating homes, fueling industries, and generating electricity. It will remain essential for sustaining economic growth and development, particularly for the viability of certain key economic activities and industrial projects such as Ontario's automotive and battery manufacturing, and critical minerals mining industries.

Certain industrial processes can use large volumes of electricity on a 24x7 basis, putting a strain on the grid when it is at full capacity. Furthermore, some industries, which cannot technically be electrified, require high quality steam that is most efficiently produced through natural gas-fired cogeneration, or may require natural gas as feedstock (e.g., steel production).

Natural gas' potential for blending with other alternatives like renewable natural gas (RNG), in combination with traditional sources of natural gas supply (e.g.: from the WCSB, other sources feeding the Dawn Hub), offers another key component to Ontario's energy strategy.

In our view, the province's continued economic development and prosperity depends on its ability to access a reliable, resilient and secure energy supply from a diverse energy mix that includes natural gas. This has always been one of Ontario's competitive advantages in attracting major investments and economic development.

**Question #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?**

For government-supported natural gas expansion projects, the approvals processes should be streamlined to ensure Ontarians have timely access to affordable home heating services. Streamlining can be achieved by reducing bureaucratic hurdles and accelerating the granting of permits and licenses.

Additionally, coordinating efforts between regulatory bodies, local authorities, and stakeholders can help eliminate redundant processes and expedite approvals. By adopting these measures, the government can fast-track the delivery of natural gas to homes in need, ensuring a more cost-effective and accessible energy solution for residents of Ontario.

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

Natural gas plays a complementary role in supporting Ontario's power system. As part of a diverse energy mix, natural gas is a key component to ensuring provincial energy security and independence, while creating a balanced, resilient energy system for business and consumers.

We know that growing energy demand must be supported without compromising the reliability of intra-regional energy systems. Natural gas plays a pivotal role in maintaining grid reliability and meeting fluctuations in energy demand. Its capability to quickly ramp up or down allows it to efficiently address peak load periods or unexpected power outages, ensuring a seamless and stable electricity supply. This flexibility makes it an invaluable asset for supporting Ontario's power system.

Beyond its flexibility, natural gas strengthens energy resiliency through consistent and reliable electricity generation. By minimizing the risk of power shortages, it reinforces Ontario's energy security, benefiting industries, businesses, and communities. Its dependable performance underpins the system's ability to deliver uninterrupted power under varying conditions. As variable renewable energy sources become more common,

baseload power and flexible dispatchable firming electricity sources will become more valuable. This is especially true for meeting increasing loads and the constant power needs of specific sectors (e.g., the battery manufacturing industry, data centers). On-demand energy, including natural gas and energy storage options, will continue to be essential to support existing infrastructure in times of peak demand where overall electricity production cannot meet the accrued demand.

As aging infrastructure and increasing demand put strain on North America's power systems, natural gas emerges as a critical solution to address immediate reliability challenges, with the added benefit of increasing the province's total energy production balance in a shorter timeframe and helping to reduce overall emissions compared to other forms of energy-intensive fuels.

**Question #7: What role should natural gas play in offsetting higher GHG-emitting fuel sources?**

The role of natural gas in counterbalancing higher greenhouse gas-emitting fuel sources is critical toward serving as a cleaner and more efficient energy option for heating and power generation. Compared to coal or oil, natural gas combustion produces significantly fewer greenhouse gas emissions, making it an effective fuel to continue to support Ontario's progression toward a low-carbon economy.

Beyond reducing emissions, natural gas also offers the benefits of energy security and system resilience. Its reliable supply ensures consistent energy availability, even during periods of high demand or renewable energy variability. This reliability is essential for maintaining economic stability and meeting the province's energy needs, especially as infrastructure evolves to integrate more renewable energy sources.

**Question #8: What are the challenges and opportunities for enhanced energy efficiency, adoption of clean fuels (e.g., RNG, Hydrogen) and emission reduction methods (e.g., carbon capture and storage) to lower emissions in the natural gas system?**

The natural gas system faces both challenges and opportunities in enhancing energy efficiency, adopting other fuels such as RNG and hydrogen, and implementing emission reduction technologies like carbon capture and storage (CCS). These advancements have the potential to lower emissions and improve the environmental performance of the natural gas sector.

There is a North American-wide competition to attract investments in developing RNG production capacity and secure large volumes. If swift action is taken, Ontario can increase the production, supply and use of RNG by taking advantage of current decarbonization and renewable energy policies available, like the Renewable Portfolio Standards or the Low Carbon Fuel Standards. Such action will provide companies with the opportunity to secure the volumes they need for their activities at the best possible prices, while continuing to drive economic development.

TC Energy has been actively engaged in recent consultations on the proposed Geological Carbon Storage Act. We support the implementation of such an act, as it is essential toward enabling commercial-scale geological carbon storage projects and offering more opportunities for CCS within Ontario.

However, adopting these technologies often demands significant capital investment and the development of appropriate infrastructure. To encourage their widespread implementation, it is essential to provide financial incentives across the natural gas value chain, invest in research and development, and establish supportive regulatory policies, including regulatory certainty and timely permits. These measures will not only help overcome the challenges but also unlock the full potential of natural gas as a critical component in driving energy efficiency and achieving environmental goals.

## Conclusion

We appreciate the opportunity to provide feedback to the Ministry as part of efforts to enable a better understanding of the important role natural gas plays in Ontario's energy system and economy. We look forward to finding opportunities to support the province as it works to leverage this activity and welcome further engagement via the contact below as appropriate.

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