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January 16, 2025

Ministry of Energy and Electrification
Government of Ontario
77 Grenville Street
Toronto, ON
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Submitted via Environmental Registry of Ontario

Re: Role of Natural Gas in Ontario's Energy System and Economy Consultation (ERO number 019-9501)

Toronto Hydro-Electric System Limited ("Toronto Hydro") is the local electricity distribution company for the City of Toronto. Toronto Hydro serves over 790,000 customers and delivers approximately 18% of the electricity used in Ontario.

On December 17, 2024, the Ministry of Energy and Electrification ("Ministry") posted a proposal for comment, seeking input on "the important role of natural gas in Ontario's energy system and economy". According to the posting, the Ministry is seeking input and perspectives from stakeholders to develop the principles that should inform their long-term use of gas and its role in supporting economic development in Ontario's industrial and agricultural sectors, and how it can support power system security and resiliency in Ontario's energy system. The Ministry has posed a number of consultation questions – all seeking the answer to the role of gas in various capacities and sectors.

The use of gas in the province is prevalent: it is the predominant fuel for heating buildings, it is used in industrial and agricultural processes, and it is combusted to run a large fleet of electricity generators. Today, gas is an important part of the Ontario economy and Ontarians' quality of life. However, natural gas – primarily methane – is also one of the least carbon-intensive fuels,[1] which is why it was an

[1] US Energy Information Administration, September 18, 2024: https://www.eia.gov/environment/emissions/co2_vol_mass.php

acceptable alternative when Ontario shut down its coal-fired electricity generators. The effect was nationally-leading GHG reductions in North America.[2]

At the same time, gas production and use still produce GHG emissions, and therefore contributes to climate change and the effects of the changing climate, including an increasing number and intensity of natural disasters. Accordingly, while some jurisdictions are using gas in the way that Ontario did – phasing out higher emissions fuels – other jurisdictions are moving to the next stage of emissions reductions by phasing out gas.[3] The key question for the Government in developing a gas policy is: where is Ontario at in that journey?

Irrespective of the Government's answer to that question, many of Ontario's households and businesses are going to continue to use gas for building heating – absent an unlikely ban – for many years to come. Similarly, irrespective of the Government's answer to that question, many of Ontario's households and businesses are going to "go off gas" for building heating because contrary to promulgated myths, they are more energy efficient even at cold temperatures, less expensive to operate, improve building air quality, and contribute to climate action.[4]

In Toronto, the electricity grid has the capacity to meet the forecasted uptake of gas-alternatives, and through the recent OEB Decision for 2025-2029, Toronto Hydro expects to be able to "grow the grid" at a pace that stays ahead of that curve. Similarly, the Government's actions in procuring incremental electricity supply in coordination with the IESO,[5] and enabling the building of transmission in coordination with Hydro One and others[6] are providing Ontario residents and companies, as well as prospective new employers, confidence that Ontario is and will remain open for business and is capable of supplying clean, affordable electricity on a safe and reliable basis well into the future.

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[2] Ontario Ministry of Energy and Electrification: http://www.ontario.ca/page/end-coal#:~:text=Eliminating%20coal%2Dfired%20electricity%20in%20Ontario,-In%202003%2C%20coal&text=The%20elimination%20of%20coal%20stands,of%206%25%20below%201990%20levels.

[3] International Energy Agency: https://www.iea.org/energy-system/fossil-fuels/natural-gas

[4] Efficiency Canada: https://www.efficiencycanada.org/canadian-heat-pump-myth-buster/

[5] Ontario Government: https://news.ontario.ca/en/release/1005479/ontario-expands-largest-competitive-energy-procurement-in-provinces-history

[6] Ontario Government: https://news.ontario.ca/en/release/1005566/province-celebrates-completion-of-new-energy-infrastructure-in-southwestern-ontario

As Toronto Hydro and its customers talk about the customers' energy objectives, increasingly the conversations turn to building decarbonization. This is aligned with the City of Toronto's goals and expectations associated with its declaration of a climate emergency[7] and adoption of a Net Zero 2040 Strategy through its TransformTO policy.[8] Those conversations are confirming that the lived experience of many Torontonians is that over successive years – in some cases more than a decade – electric heat pumps are providing a reliably warm, and cost effective home heating solution. The Government's gas policy won't stop customers from making that choice, nor does Toronto Hydro have any reason to believe that it would want to: the Government has been resolutely on the side of customer choices in its energy policy. Indeed, Toronto Hydro applauds the Government's recent electricity demand-side management framework ("eDSM'), which includes significant funding for beneficial electrification initiatives, which supports customer investments in heat pumps and building envelop improvements, which will lead to lower emissions and smaller carbon footprints.[9]

Apart from building heating, gas currently also contributes significantly to Ontario's electricity generation capacity, and the overall stability of supply. The IESO has been clear: without gas-fired generation today and over the near term, Ontario's grid would not have the power it needs.[10] This would be an unacceptable outcome for all or substantially all stakeholders. Further, reliable electricity supply is an essential element of moving forward with decarbonization of transportation, which would reduce emissions in Toronto by approximately 35%.[11] Electric vehicle adoption in Toronto is growing at an average annual rate of 30% over the past 6 years,[12] and while Toronto Hydro's infrastructure is expanding prudently to keep pace with that need, sources of supply must not falter or customers will lose faith in the energy transition.

The important role that gas-fired generation plays in the electricity sector today does not require it to continue to play as significant role through the 2030s and beyond. The IESO forecasts Ontario's load will

[7] City of Toronto, October 2, 2019: https://www.toronto.ca/news/city-council-declares-climate-emergency-and-commits-to-accelerating-action-to-address-climate-change/

[8] City of Toronto: https://www.toronto.ca/services-payments/water-environment/environmentally-friendly-city-initiatives/transformto/#:~:text=Toronto%20City%20Council%20has%20adopted,most%20ambitious%20in%20North%20America.

[9] Ontario Government: https://news.ontario.ca/en/release/1005538/ontario-launches-new-energy-efficiency-programs-to-save-you-money

[10] IESO, Pathways to Decarbonization: https://www.ieso.ca/en/Learn/The-Evolving-Grid/Pathways-to-Decarbonization

[11] City of Toronto, Sector-Based Emissions Inventory, 2022: https://www.toronto.ca/services-payments/water-environment/environmentally-friendly-city-initiatives/transformto/sector-based-emissions-inventory/

[12] City of Toronto, Report on the Approach to Public Electric Vehicle Charging, September 16, 2024: https://www.toronto.ca/legdocs/mmis/2024/ie/bgrd/backgroundfile-248782.pdf

grow by 75% by 2050,[13] and many other sources across global jurisdictions anticipate load growth increasing by 100% - that is, doubling.[14] Whatever the customer-driven need, it will be significant, which means that there will be more generation built in the years to come. Attentive to this need, [15] in collaboration with OPG, the Government is seriously examining non-emitting options.[16]

In the event that Ontario's generation increases from approximately 150 TWh[17] to 300 TWh over the next 25 years, and if Ontario maintains gas-fired generation at the levels that those generators are operating now, the provincial supply mix would go from 87.5% non-emitting to 93.5% non-emitting. In the event that these existing gas-fired plants or their successors were to adopt carbon capture, utilization or storage ("CCUS") technologies, the electricity output would remain the same, but the resulting emissions would drop even further. In short, simply preserving the status quo and pursuing new, non-emitting opportunities to serve new load demand will reduce the emissions intensity of the electricity system.

To be clear: Toronto Hydro is not advocating preserving the status quo. Through its Climate Action Plan and resulting shareholder mandate from the City of Toronto, Toronto Hydro is persistently working with customers, cleantech companies, the City, and other stakeholders to remove barriers to the energy transition. As an electricity distributor, Toronto Hydro is deeply committed to demonstrating through exceptional performance that its energy offering is as good or better than the alternatives: a safe, reliable, clean, affordable way to energize homes and businesses in the economic capital of Canada. Toronto Hydro is also working with companies in the distributed energy resources ("DER") sector to enable local renewable generation and energy storage, thus mitigating the demands on the provincial grid and the IESO-contracted sources of supply (e.g. gas-fired plants). With the new eDSM framework, there will be additional opportunities for Toronto Hydro to work with customers to reduce their energy usage, saving them money, and reducing costs and emissions in the energy sector.

[13] IESO, 2025 Annual Planning Outlook Demand Forecast: https://www.ieso.ca/-/media/Files/IESO/Document-Library/engage/apo/APO-20241016-presentation-demand-forecast.pdf
[14] International Energy Agency: https://www.iea.org/reports/electricity-grids-and-secure-energy-transitions
[15] Ministry of Energy and Electrification, Powering Ontario's Affordable Energy Future: https://www.ontario.ca/files/2024-11/energy-ontarios-affordable-energy-future-en-2024-11-07.pdf
[16] Ontario Government: https://news.ontario.ca/en/release/1005585/ontario-exploring-new-nuclear-energy-generation-in-port-hope
[17] Ontario Energy Board: https://www.oeb.ca/sites/default/files/2023-supply-mix-data-update.pdf

Respectfully submitted,

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