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Woodridge Solutions appreciates the opportunity to provide input on Ontario's Natural Gas Policy Statement. We provide solutions to help organizations improve their analytics, create customer experience strategies, and gain economic and financial insights to address important sustainability challenges. Please find our responses to the consultation questions below:

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

1. Long-Term Cost Transparency and Market Signals

- The Ontario Energy Board (OEB) should ensure that natural gas connection policies reflect the true long-term costs of infrastructure investments, including future decarbonization costs and stranded asset risks. Transparent pricing and clear market signals will allow consumers and businesses to make informed energy choices while ensuring financial sustainability.

2. Technology-Neutral Approach to Energy Transition

- While low carbon fuels may utilize natural gas infrastructure, the OEB should adopt policies that do not lock in long-term dependence on natural gas where lower-carbon and cost-effective alternatives (e.g., heat pumps, hybrid heating, district energy systems) may be viable. This approach ensures that Ontario's energy system remains flexible, competitive, and aligned with long-term emissions reduction goals.

3. Alignment with Decarbonization and Clean Energy Innovation

- Connection policies should incentivize investments in low-carbon solutions, including Renewable Natural Gas (RNG), hydrogen, and carbon capture utilization and storage (CCUS). This includes providing clear regulatory guidance and ensuring cost recovery mechanisms that do not unfairly burden future ratepayers with infrastructure that may become obsolete.



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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)?

We recognize that affordability, reliability, and emissions reductions must be balanced to ensure a resilient energy system. The following principles should guide Ontario's approach:

1. Cost-Effective Transition to Low-Carbon Solutions

- Policies should encourage cost-effective electrification and possibly hybrid heating solutions (e.g., dual-fuel systems that combine heat pumps with gas backup) to maintain affordability while reducing emissions.

2. Technology-Neutral Consumer Choice

- Customers should have access to a range of energy solutions including heat pumps and renewable energy options. Government policies should support incentives for consumers to adopt the most efficient and cost-effective technologies suited to their needs, rather than mandating a single pathway.
 - In February 2024, the Ontario government introduced the Keeping Energy Costs Down Act to reverse a decision by the Ontario Energy Board (OEB) on natural gas connections. The OEB's decision would have required new homebuyers to pay for the connection upfront, instead of amortizing the cost over time.
 - To level the playing field, technologies like heat pumps and renewable energy should similarly benefit from the ability to amortize their upfront costs over a longer time frame such as through on-bill financing or local improvement charge financing.

3. Integration of Renewable Natural Gas (RNG) and Hydrogen

- To align with Ontario's climate goals, natural gas use in residential and commercial applications should transition toward lower-carbon alternatives.
- Expanding RNG and hydrogen integration into the gas grid can help maintain affordability while reducing emissions intensity over time.
- Policies should ensure fair cost distribution so that early adopters are not unfairly burdened.



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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?

The following principles should guide Ontario's approach:

1. Ensuring Cost-Competitive Energy for Industry and Agriculture

- While many industrial and agricultural operations do rely on natural gas for high-temperature processes (e.g., steel, cement, and chemical production) and crop drying, We believe that policies should prioritize economic competitiveness while advancing decarbonization through innovation and cleaner fuel options.

2. Investing in Low-Carbon Fuel Alternatives

- Ontario should support research, incentives, and infrastructure development for low-carbon alternatives such as **renewable natural gas (RNG), low-carbon hydrogen, and carbon capture utilization and storage (CCUS)**. These solutions can help industries lower emissions while maintaining operational feasibility.

3. Supporting Industrial and Agricultural Innovation

- Programs that encourage process optimization, fuel switching, and possibly the adoption of hybrid energy solutions (e.g., integrating natural gas with electrification where possible) can enhance efficiency while reducing environmental impact.
- Ontario should also expand partnerships with industry to accelerate the commercialization of emerging low-emission technologies.

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?

1. Cost-Benefit Analysis

- The government's role should focus on **strategic, data-driven expansion** that aligns with long-term energy needs, emission reduction goals, and technological innovation. Given the rapidly declining costs of heat pumps, district heating, renewables and energy storage, there would likely be very few areas where expansion of the natural gas system should be **prioritized whereas electrification is becoming an increasingly viable and cost-effective alternative**.



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- The government should require **regional cost-benefit and life-cycle analyses** to ensure that any expansion projects deliver long-term economic and environmental benefits while avoiding stranded assets.

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

We support efficient and predictable approvals processes that align with long-term affordability, emissions reduction goals, and economic development. However, streamlining should not come at the expense of sound environmental assessment and public transparency.

To balance these priorities, the government should:

1. Implement a Coordinated “One-Window” Approach
 - Consolidate approvals across multiple ministries, agencies, and municipalities to reduce delays and regulatory duplication.
 - Establish clear service standards and timelines for decision-making to provide certainty for businesses and communities.
2. Prioritize Low-Carbon and Hybrid Solutions
 - Require that new expansion projects assess and incorporate lower emitting heating options, such as heat pumps and hydrogen-ready infrastructure, to future-proof investments and avoid stranded assets.
 - Ensure renewable natural gas (RNG) and hydrogen blending are integrated into expansion planning.
3. Enhance Transparency and Community Engagement
 - Maintain public consultation requirements, but streamline procedural steps where possible to improve efficiency.
 - Provide clear criteria for government-supported projects, ensuring they align with affordability, emissions reduction, and long-term economic viability.

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

While it is often proposed that natural gas play a role in maintaining power system security and resiliency, particularly as Ontario navigates its energy transition, California's main-grid fossil gas use for



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electricity dropped an entire 25% in one year due to the growth of renewables and batteries. In that context, we emphasize the importance of **integrating batteries, renewables, and interties strategically** to prioritize emissions reductions while also enhancing reliability and affordability utilizing natural gas only when absolutely necessary such as for back-up power in the case of emergency outages (e.g. nuclear). We recommend the following approach:

1. Integrate Gas Planning with Broader Energy Transition Goals
 - Use natural gas strategically to prevent blackouts and price spikes especially during emergency outages while scaling up storage and distributed energy resources (DERs) such as batteries and demand response programs.
 - Develop long-term transition pathways to phase down reliance on natural gas in alignment with emissions reduction targets.
2. Ontario should accelerate energy storage deployment by streamlining approvals, modernizing market structures, and incentivizing large-scale and behind-the-meter storage solutions.
 - Batteries: Enhancing Grid Stability & Peak Demand Management
 - Grid Resiliency: Batteries provide backup power during grid disruptions, reducing reliance on peaking natural gas plants.
 - Peak Load Shifting: Energy storage smooths demand fluctuations, storing excess renewable energy for use when generation is lower.
 - Cost Savings: By reducing peak-time electricity demand, batteries lower overall system costs for consumers.
3. Ontario should invest in expanding transmission interties with Quebec, Manitoba, and U.S. states to enhance power trade, ensuring affordability and reliability.
 - Import Flexibility: Interties enable Ontario to import low-cost, clean energy from neighboring jurisdictions during peak periods, reducing strain on the grid.
 - Export Opportunities: Ontario can leverage its nuclear, hydro, and renewables to sell surplus clean power, generating economic benefits.
 - Grid Balancing: Enhanced intertie capacity reduces reliance on fossil fuel generation and improves system stability.



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4. Accelerate Low-Carbon Alternatives in Gas-Fired Power

- Support blending renewable natural gas (RNG) and hydrogen into existing gas infrastructure to reduce emissions while maintaining reliability.
- Encourage adoption of carbon capture, utilization, and storage (CCUS) for gas-fired power plants in hard-to-abate applications.

What role should natural gas play in offsetting higher GHG-emitting fuel sources?

Electrification is becoming an increasingly viable and cost-effective alternative in offsetting higher GHG-emitting fuel sources. To the extent that natural gas can still play a transitional role in reducing Ontario's greenhouse gas (GHG) emissions by displacing higher-emitting fuels, it needs to be managed in a way that aligns with sound science, sound policy, sound economics, and a sound environment. We recommend the following approach:

1. Ensure Integration to achieve decarbonization goals

- Natural gas should be part of a broader decarbonization strategy, where its role diminishes over time as cleaner alternatives scale up.
- Policies should encourage fuel-switching where feasible, ensuring that natural gas is used only when lower emitting alternatives such as electrification are not technically or economically feasible to deliver the greatest emissions reductions relative to alternatives.

2. Prioritize Natural Gas as a Bridge Fuel for High-Emission Sectors

- In industries where full electrification is not yet viable, natural gas can replace higher-emitting fuels such as coal, oil, and diesel.
- This is particularly relevant for heavy industry, transportation, and remote communities to the extent that electrification challenges persist albeit rare.

3. Accelerate Adoption of Low-Carbon Gas Alternatives

- Promote the use of renewable natural gas (RNG) and low-carbon hydrogen to further reduce emissions while leveraging existing infrastructure.
- Expand incentives and regulatory pathways for carbon capture, utilization, and storage (CCUS) to reduce emissions from remaining gas-fired processes.



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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?

Ontario has a **significant opportunity** to enhance energy efficiency, adopt **clean fuels**, and implement **emission reduction technologies** within the natural gas system. However, several challenges must be addressed to ensure these solutions are deployed effectively and at scale.

Challenges

1. High Upfront Costs & Investment Uncertainty

- Clean fuels such as **renewable natural gas (RNG) and hydrogen** require significant **infrastructure investment** and operational adjustments.
- Carbon capture, utilization, and storage (CCUS) remains **costly and capital-intensive**, limiting widespread adoption.

2. Regulatory and Policy Barriers

- The **lack of clear, long-term policy** signals on low-carbon fuel standards, hydrogen blending, and CCUS frameworks creates **market uncertainty** for investors.
- **Permitting and approvals** for energy efficiency retrofits and clean fuel projects remain **complex and fragmented**, slowing progress.

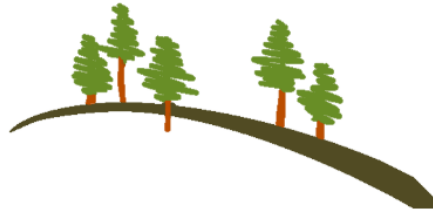
3. Scalability and Supply Constraints

- The production and supply of **RNG and hydrogen** are currently **limited**, requiring policy incentives and market mechanisms to drive **expansion and cost reductions**.
- CCUS infrastructure and storage availability are still **underdeveloped** in Ontario.

Opportunities

1. Scaling Up Clean Fuels with Strategic Incentives

- Strengthen **RNG and hydrogen** integration into the natural gas grid through **incentives, procurement mandates, and infrastructure investment**.



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- Support **hydrogen hubs** and **industrial CCUS projects** to drive cost reductions and technology deployment.
- 2. **Enhancing Energy Efficiency to Reduce Demand**
 - Expand programs supporting **building retrofits, industrial process efficiency, and hybrid heating solutions**.
 - Establish **stronger incentives** for demand-side management (DSM) and **time-of-use pricing** to optimize energy consumption.
- 3. **Technology-Neutral Approach for Emission Reductions**
 - Adopt a **technology-agnostic** policy framework that supports **multiple pathways** for decarbonization, including **heat pumps, hybrid heating, and fuel-switching**.
 - Invest in **low-carbon infrastructure and innovation**, ensuring that Ontario remains a leader in **cleantech and energy transition solutions**.

Thank you for the opportunity to provide my comments as part of this consultation.

Sincerely

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