

Regulatory amendments to support financing for Ontario Power Generation's major nuclear projects

ERO number 025-0501

Submission Regarding Proposed Amendments to O. Reg. 53/05 Under the Ontario Energy Board Act, 1998

I am writing in response to the Ministry of Energy and Mines' proposal to amend Ontario Regulation 53/05 (Payments under Section 78.1 of the Act), which would affect how Ontario Power Generation (OPG) recovers costs for major nuclear projects, including the Darlington New Nuclear Project (DNNP), the Pickering Refurbishment Project, and future Small Modular Reactors (SMRs).

1. Concern Regarding Concurrent Cost Recovery (CCR)

The proposed introduction of a Concurrent Cost Recovery (CCR) mechanism would allow OPG to begin recovering borrowing costs (such as debt interest) during the construction phase of nuclear projects. This represents a significant shift in risk from the proponent to Ontario ratepayers. Under the current framework, costs are typically recovered once projects are operational and delivering value to the public. Allowing cost recovery before a project is completed—let alone producing electricity - means that Ontarians could face higher electricity rates years before they see any benefit.

This is particularly concerning given the historical trend of cost overruns and delays in large-scale nuclear projects, both in Ontario and internationally. Advancing cost recovery to the construction phase reduces accountability, shields OPG from financial risk, and leaves ratepayers bearing the burden of potential delays or underperformance.

2. Commercial Partnerships for SMRs

The proposed regulation also seeks to authorize new “prescribed generators” under O. Reg. 53/05, enabling OPG to enter into commercial partnerships for the deployment of SMRs at the DNNP site. This raises important questions about transparency, public oversight, and cost-sharing. These partnerships could shift more project control into private hands while still relying on public funds or guaranteed returns through the rate base.

Before proceeding, the government should clearly disclose:

- The identity and role of any proposed partners;
- The financial arrangements involved;
- How the public interest will be protected in commercialized nuclear development.

3. Risk to Ratepayers and Missed Opportunities

While the Ministry notes that it will work with OPG to “minimize ratepayer impacts,” the lack of binding cost protections or public consultation mechanisms leaves Ontarians vulnerable to higher electricity bills.

Moreover, it must be acknowledged that viable, lower-cost clean energy alternatives were already available in Ontario prior to 2018, including wind, solar, and energy storage. These projects were proven, affordable, and capable of scaling rapidly—but were cancelled or curtailed by the provincial government. Had these projects been supported rather than dismantled, Ontario would likely be in a stronger position today, with cheaper, cleaner electricity already on the grid and a reduced need for high-risk, long-lead nuclear investments.

4. Misalignment with Canada's Paris Agreement Commitments

While the proposed regulatory changes may not formally breach Canada's obligations under the Paris Agreement, they undermine the intent and urgency of those commitments. The Agreement calls for:

- Swift, cost-effective action to reduce greenhouse gas emissions;
- Scaled-up deployment of proven, low-emission technologies; and
- Fair, affordable transitions for the public.

Ontario's focus on long-lead nuclear projects that will not produce power until well beyond 2030 is incompatible with the timeline needed to meet Canada's 2030 emissions targets. Meanwhile, cleaner and cheaper energy alternatives—cancelled in 2018—could have already been delivering significant emissions reductions and savings to ratepayers. Prioritizing nuclear expansion over renewables is not only economically risky but also environmentally shortsighted.

5. Renewable Energy Also Creates Jobs - and Faster

The government often justifies nuclear expansion on the grounds that it will create jobs. However, this overlooks Ontario's existing renewable energy workforce and infrastructure - which was growing until more than 750 wind and solar contracts were cancelled in 2018.

Ontario is home to numerous Canadian-based companies already building and operating wind, solar, and energy storage projects, as well as First Nations-led clean energy enterprises like Nigig Power (Henvey Inlet Wind).

These companies are ready to create thousands of local, long-term jobs - not only in construction, but in operations, maintenance, engineering, and manufacturing. Unlike nuclear projects that can take a decade or more, renewables can be deployed quickly, offering job creation now, alongside immediate emissions reductions and affordable power.

In contrast, many of the companies pursuing nuclear power projects in Ontario are largely based in the United States. While these foreign-based companies may provide **short-term jobs**

during the construction phase, the long-term financial and operational benefits to Ontarians are much less clear. The focus on nuclear expansion—especially involving American-based corporations—risks prioritizing foreign interests over local job creation and economic benefits.

Reinvesting in the renewables sector would stimulate job growth across Ontario - from rural areas to Indigenous communities - while aligning with climate and economic goals. Ignoring this potential in favour of slow, expensive nuclear expansion is not a jobs strategy - it's a missed opportunity and our youth will end up paying for it more than us.

Recommendation:

I urge the Ministry to reconsider the timing and structure of the proposed cost recovery changes and conduct a full, transparent cost-benefit analysis of SMRs and other nuclear investments before amending the regulation. The government should also commit to robust public consultation and oversight on any commercial partnerships entered into by OPG.

Ontario and our youth deserve a clean energy future that is affordable, job-rich, and aligned with climate science - not one that shifts risk onto households while delaying progress toward Canada's climate goals. Instead of prioritizing slow, expensive nuclear projects with foreign-based companies, Ontario should focus on scaling up its thriving renewable energy sector, which can create sustainable Canadian jobs, reduce emissions, and build a resilient economy for future generations.

Investing in wind, solar, and energy storage is about more than immediate job creation - it's about fostering a strong, sustainable economy that ensures energy security and supports a green future. This approach will reduce costs, promote energy independence, and facilitate a more equitable transition to a clean energy economy for all Canadians.