ERO 025-0993 **Proposed Amendments to the Electricity Act, 1998, Ontario Energy Board Act, 1998 and the Municipal Franchises Act, to secure energy for generations.**

Executive Summary

The Ministry of Energy and Mines is seeking feedback on legislative changes intended to support Ontario's first Integrated Energy Plan. While the proposals are aimed to improve affordability, reliability, and economic growth, many measures risk locking the province into continued fossil fuel dependence and stranded assets, limiting climate action, and underemphasizing the urgent need for a clean electricity transition. Moreover, the price of gas-generated electricity will continue to increase the cost to consumers. For these reasons, Climate Action Newmarket Aurora is opposed to the proposed amendments in their current form.

Key Concerns

1. Lock-in of Fossil Fuels

Amendments related to municipal franchises and natural gas distribution make it easier to expand natural gas infrastructure without requiring voter approval. This strengthens fossil fuel dependence and could lock rate payers into gas for decades, delaying progress toward Canada's net-zero targets.

2. Data Centre Electricity Demand

The growing data centre sector is projected to add roughly 13% of Ontario's new electricity demand by 2035. While the framework seeks to manage connections to mitigate cost implications, it ignores the climate impact. It does not explicitly mandate energy efficiency, demand response, or renewable electricity use, risking higher fossil fuel-backed electricity generation if grid expansion relies on gas-fired backup.

3. Economic Growth Focus

Amending the objectives of the IESO and OEB to prioritize economic growth risks favoring speed of development over environmental protection and climate goals. Without clear integration of clean energy targets, grid expansion could inadvertently reinforce fossil fuel use rather than accelerate decarbonization.

4. Hydrogen Initiatives and Clean Electricity Fund (FCEF)

Expanding support for hydrogen and the FCEF are positive steps, but hydrogen use must be carefully monitored to ensure it displaces fossil fuels rather than reinforcing them. FCEF investments should prioritize non-emitting electricity and renewable energy solutions, not projects that extend reliance on gas or other fossil fuels.

5. Procurement and Deferral Accounts

While enabling deferral and variance accounts may protect rate-regulated entities from higher procurement costs, the mechanism should not override climate-aligned procurement, including prioritizing clean energy and low-emission technology.

6. **Cost to Consumer**

Natural gas-fired electricity in Ontario can keep costs high for consumers because rising natural gas prices directly increase the wholesale electricity price, which then raises the Global Adjustment portion of bills. Operating and maintaining gas plants adds further costs, which are passed on to ratepayers, and as the province moves toward decarbonization, compliance and infrastructure costs could increase. By contrast, renewable energy sources like wind and solar are becoming cheaper than gas-fired generation, suggesting that continued reliance on natural gas is not the most economical long-term option.

Recommendations for a Better Path Forward

- **Prioritize clean electricity and renewables** in all grid planning, procurement, and data centre connection policies.
- **Limit natural gas expansion** and clearly align any gas infrastructure with a net-zero by 2050 pathway.
- **Ensure hydrogen initiatives displacing fossil fuel use are 'green' hydrogen** (low-carbon or renewable hydrogen). 'Grey' and 'blue' hydrogen energy are from fossil fuels and therefore not low carbon.
- **Integrate economic growth with climate accountability**, ensuring that faster grid expansion does not compromise emissions reduction goals.
- **Strengthen regulatory guidance** to consider long-term emissions impacts and resilience to climate risks.
- **Enhance public and Indigenous consultation** in energy planning to reflect diverse priorities and local sustainability goals.

Conclusion

Ontario's proposed energy legislation risks locking the province further into fossil fuel dependence, raising costs for consumers, and undermining Canada's net-zero targets. CANA appreciates the need for policy changes required to mitigate the financial and environmental impacts of data centres.Without clear climate safeguards, these measures threaten to delay the clean electricity transition and prioritize short-term economic growth over long-term sustainability. The government must halt policies that expand gas infrastructure and instead ensure every energy decision accelerates renewable adoption, protects communities, and secures a truly sustainable energy future. These legislative proposals have significant long term impact on Ontarians. The consultation response time to such proposals requires extension to ensure informed, comprehensive feedback. For these reasons, Climate Action Newmarket Aurora opposes these legislative amendments.

Sources

Natural gas rates | Ontario Energy Board   Clean Energy Canada

Global Adjustment: Why Ontario electricity prices will go up in 2023 | EnPowered

2022 Reports of the Commissioner of the Environment and Sustainable Development to the Parliament of CanadaReport 3—Hydrogen's Potential to Reduce Greenhouse Gas Emissions