



Clean Air Partnership
364-401 Richmond St. W,
Toronto, Ontario, M5V 3A8

September 29th, 2025

RE: Clean Air Partnership Input on Proposed Amendments to the Electricity Act, 1998, Ontario Energy Board Act, 1998 and the Municipal Franchises Act, to secure energy for generations. ERO 025-0993

Clean Air Partnership (CAP) is a charitable environmental organization that works with governments and private sector partners to enable communities to reduce greenhouse gas emissions, advance active and sustainable transportation options, take bold climate action, increase resilience, and accelerate the transition to a low carbon economy.

CAP has been working with Ontario municipalities to increase the adoption of lower carbon new developments to address the climate crisis and enable Ontario to reduce energy use and greenhouse gas emissions from new buildings and reduce the need and costs associated with future retrofits. Ensuring Ontario continues to make progress on this mandate is critical to ensuring Ontario is an active participant in the emerging low carbon economy and not simply a consumer of other jurisdictions' low carbon offerings.

Item 6 of the ERO speaks to the changes to the **Municipal Franchises, Municipal Franchises Act and the Public Utilities Act**.

If a municipal council determines that they want to relinquish their decision-making authority to the Province for how the franchise agreement is approved, then that is their prerogative to pass that decision making to the Ontario Energy Board. However, Clean Air Partnership is not in favor of removing municipal decision making related to municipal right of way and franchise agreements. It



would be far more transparent and accountable to enable municipalities to make decisions about how infrastructure in the municipal right of way is managed and accounted for.

The Clean Air Partnership recommends that the Province of Ontario update the model natural gas Municipal Franchise Agreement to allow municipalities the ability to charge for the use of municipal rights-of-way. This would reduce the burden on the property tax base from having to cover local infrastructure-related costs and ensure that Ontario reflects the true cost of hosting infrastructure in municipal right of way. Updating the agreement template would also align Ontario more closely with infrastructure cost practices in other Canadian jurisdictions.¹

Section 9 of [Regulation 584/06](#) under the Municipal Act, 2001 grants for-profit gas utilities free access to municipal rights-of-way, effectively creating a fossil fuel subsidy. This provision is unjustified, especially in the context of the climate crisis, mounting financial pressures on municipalities, and growing competition for public space. Municipalities should have the authority to charge fair fees for the use of public property by private gas utilities. Taxpayers should not be forced to subsidize multi-billion-dollar corporations.

Most provinces in Canada allow municipalities to charge utilities (including natural gas utilities) for access to public lands for their infrastructure. Imposing such charges on conventional natural gas distributors will help level the playing field between fossil fuels and low carbon energy systems that are seeking access to municipal rights of way.

Enbridge, as a regulated utility, earns a fixed 9% return on investment through rates based on its infrastructure assets. This means they are financially incented to expand their pipeline system. In addition, it is the natural gas rate base, and not Enbridge, that is ultimately responsible for that stranded asset risk. As decarbonization and electrification of building heating is achieved, it is predicted that the fossil fuel gas infrastructure will be increasingly expensive to maintain, leading to increased

¹ <https://www.cleanairpartnership.org/wp-content/uploads/2024/05/Model-Franchise-Agreement-Review-Primer.pdf>



abandonment by the utility, as allowed under the present Model Franchise Agreement. Increased applications for abandonment of natural gas infrastructure in the municipal right of way have occurred and are concerning considering the increased demand on the municipal right of way and the future liability this transfers to municipalities.

- 1. Clean Air Partnership is not in favor of removing municipal decision making related to municipal right of way and franchise agreements. It would be far more transparent and accountable to enable municipalities to make decisions about how infrastructure in the municipal right of way is managed and accounted for.**
- 2. Clean Air Partnership recommends that the Province of Ontario advance an Amendment to Section 9 of Regulation 584/06 under the Municipal Act, 2001 and an update to the Model Franchise Agreement to enable Ontario municipalities to keep pace with leading practices in other Canadian jurisdictions and charge private utilities for fair compensation for use of the municipal right of way.**
- 3. Clean Air Partnership also recommends that the Province of Ontario update the Model Franchise Agreement to remove the ability for private utilities to abandon infrastructure in the municipal right of way without approval from the municipality.**

Sincerely,

A handwritten signature in black ink that appears to read "Gabriella Kalapos".

Gabriella Kalapos
Executive Director
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