

**Long-Term Energy Planning Reform:
Environmental Registry of Ontario (ERO) Consultation
(January 27, 2021 – April 27, 2021)**

“What We Heard”

INTRODUCTION

The Ministry of Energy (ENERGY) is reviewing Ontario's long-term energy planning framework, to ensure that energy decision-making aligns with our core principles for decision-making: effectiveness, transparency, predictability, accountability and ratepayer protection.

As part of this process ENERGY invited individuals, organizations and Indigenous partners to share their ideas and perspectives on how to best to achieve these goals.

This report provides an overview of the process so far and of the input received. ENERGY would like to thank all those who participated in the engagement process for their time, effort and invaluable feedback and advice.

EXISTING PLANNING STRUCTURE

Ontario's current long-term energy planning framework is set out under the *Electricity Act, 1998*. It includes requirements for the ministry to publish a provincial Long-Term Energy Plan (LTEP) in accordance with specified objectives and sets procedural roles for the government, the Independent Electricity System Operator (IESO) and the Ontario Energy Board (OEB). The Act also provides ENERGY with the ability to issue LTEP implementation directives to IESO and the OEB to implement components of the LTEP. Only the most recent LTEP, published in 2017, was issued under this legislative framework and was accompanied by such directives.

Under the Act, a LTEP may include goals and objectives respecting:

1. the cost-effectiveness of energy supply and capacity, transmission and distribution;
2. the reliability of energy supply and capacity, transmission and distribution, including resiliency to the effects of climate change;
3. the prioritization of measures related to the conservation of energy or the management of energy demand;
4. the use of cleaner energy sources and innovative and emerging technologies;
5. air emissions from the energy sector, taking into account any projections respecting the emission of greenhouse gases developed with the assistance of IESO;
6. consultation with Aboriginal Peoples and their participation in the energy sector, and the engagement of interested persons, groups and communities in the energy sector; and

7. any other related matter the Minister determines should be addressed.

Under the current planning process, the Minister requests a technical report from IESO. The Minister may also request additional reports. The government considers the technical, and any other report(s), as well as input from consumers, distributors, generators, transmitters, Indigenous groups or other persons or groups to develop the LTEP.

After releasing the LTEP, the Minister may issue implementation directives to the IESO and the OEB. The agencies submit their implementation plans to the Minister for approval within the timeframe specified by the directive. Once implementation plans are approved by the Minister, IESO and the OEB move forward with their initiatives as outlined in the implementation plans.

OVERVIEW OF THE ENGAGEMENT PROCESS

On January 27, 2021, ENERGY posted core objectives of the planning review on the Environmental Registry of Ontario (ERO) and invited individuals, organizations and Indigenous partners to share ideas and perspectives with the Ministry about how best to achieve these goals.

The posting was active for 90 days and received 78 submissions. Of these submissions (see list in Appendix A), 27 were submitted by non-utility energy companies, 3 from utilities, 10 from non-governmental organizations (NGOs), 12 from industry or industry organizations, 10 from municipalities, 13 from individuals, 1 from academia and 2 from Indigenous partners.

The Ontario Energy Association (OEA) and Ontario 360 at the University of Toronto held highly informative roundtable events that facilitated collective discussion of lessons learned and forward-looking advice.

A set of questions was included in the ERO posting to help guide feedback (see Appendix B). Most submissions addressed these questions directly when providing insight and advice about how ENERGY can align its decision-making process with the five core principles outlined in the posting (i.e., effectiveness, transparency, predictability, accountability and ratepayer protection). Many submissions also offered advice that went beyond the stated questions.

In general, stakeholders expressed support for undertaking reforms to Ontario's long-term energy planning process in line with the stated principles. Key themes present across submissions are outlined in greater detail below. These themes include:

- The need for clear, high-level government policy direction;
- The importance of integrated, coordinated planning across energy sectors;
- A focus on independent, agency-led planning;
- The importance of independent planning oversight, with an emphasis on the role of the OEB as independent regulator; and
- The need for enhanced stakeholder and public participation.

It should be noted that a large proportion of feedback received focused on the substance of an energy plan, rather than the planning process. ENERGY welcomes input into Ontario’s planning objectives and these comments have been shared to relevant units throughout the Ministry for consideration.

SUMMARY OF MAJOR THEMES ACROSS SUBMISSIONS

1. Ontario Government’s Role: Clear Policy Direction

“Setting policy is the purview of government.”

A commonly expressed view across submissions is that the role of government in energy decision-making and planning is to provide a “high-level” policy vision for the sector. Government should initiate the planning process by setting-out clear policy objectives for the sector. Similarly, policy direction from government should consist of high-level goals that are outcome-focused, providing technical planners (i.e., IESO) with a clear mandate while also allowing planners flexibility in implementing the government’s policy priorities.

Select submissions provided additional suggestions on how government should approach policy development, asserting that the government should develop its policy priorities in consultation with stakeholders. Further, once developed, the government should clearly communicate its policy vision and explain both policy direction and by what metrics actions will be evaluated. By formalizing policy direction and outlining evaluative criteria, multiple comments expressed the view that the government would be contributing to greater transparency and predictability.

In developing policy guidance, the following were identified by multiple submissions as key focal points for government:

- Affordability and Cost-Effectiveness;
- Indigenous and Community Engagement; and
- Environmental/Climate Objectives.

A number of submissions expressed a desire to see the government reduce its use of ministerial directives. Comments advocating greater predictability in planning recommended that policy direction from government should be “reasonably enduring”, avoiding the perceived investment risk associated with short term directions or frequent policy changes.

2. An “Integrated Approach”

“Any successful strategy will require a comprehensive integrated energy plan that does not focus narrowly on electricity.”

The majority of submissions touched on the theme of “integrated planning” which, broadly, means considering all forms of energy in an integrated or holistic manner, especially between gas and electricity networks. This was most often framed as a key step to achieving GHG emissions reduction targets. Enhancing transparency and identifying least-cost solutions for the provision of energy services was also noted as a benefit of integrated planning. Within this theme, various commenters noted the following:

- Lack of an independent third-party agency with the mandate to achieve this integration. Commenters provided a range of suggestions to address this gap including:
 - Facilitate cross-sector collaboration (e.g., by developing a task force that would guide integrated planning).
 - Develop a new over-arching agency.
 - Expand IESO’s planning mandate to consider system integration.
 - Give the OEB a stronger role in the planning process, as it is an independent regulator that should be agnostic to technologies and fuel type. Natural gas and electricity are currently considered and regulated separately. The OEB’s mandate would need to change in order to support integrated energy planning.
- The importance of coordination across provincial planning initiatives, including land-use planning (i.e., Places to Grow), transportation planning and planning for climate change.

- Several commenters spoke to the importance of data quality and transparency as critical to supporting integrated planning. Specific suggestions that capture this message include: The need for high quality data from across life cycle of energy generation in order to better understand and account for total costs and GHG emissions profiles.
- Consider commissioning independent analyses of alternative pathways.

3. Expert, Agency-led Planning

“The IESO is the key regulatory agency with the technical capacity and most suited to lead long-term planning.”

Most submissions were largely supportive of IESO’s continued role as the “expert planner” with many submissions calling for IESO to take on an enhanced role in long-term planning: to receive high-level guidance from government and then develop and implement options across the full range of planning. Submissions noted IESO’s technical expertise and the critical work it already undertakes in forecasting and transmission planning would make it well suited to lead long-term system planning, including resource acquisition. Submissions also identified a potential limited role for IESO in policy formation itself, providing technical advice to government where needed. As one submission expressed: “The IESO is a technical expert, not a policy expert, and is best placed to inform and implement policy guidance”.

Overall, submissions were complimentary towards IESO’s existing planning pathways including the Annual Planning Outlook (APO), Annual Acquisition Report (AAR) and Integrated Regional Resource Plans (IRRP), with several submissions suggesting that IESO could enhance and/or merge these processes to form an effective foundation for integrated planning.

Multiple submissions suggested that the effectiveness of long-term planning could be improved through clarification and/or expansion of IESO’s role and mandate. Several comments expressed a desire to see IESO mandate expanded to include environmental and economic goals in its planning processes. While calling for an expanded mandate for IESO in planning, submissions maintained that IESO should retain a focus on the cost-effectiveness and reliability of proposed options in order to continue its efforts to protect ratepayers.

While submissions emphasized the importance of IESO’s ability to act as an independent technical expert, calls for independence were balanced with calls for effective oversight of IESO’s decision-making and implementation processes.

In addition, some submissions encouraged more emphasis on decentralized planning, for example that Ontario's planning framework rely more on distribution system plans, regional plans, and community energy plans to frame and drive decisions. Similarly, some commenters suggested that Local Distribution Companies (LDCs) be enabled to participate in planning activities beyond their traditional responsibilities of electricity distribution (e.g., generation planning and procurement, enabling infrastructure for Distributed Energy Resources or DER). Specific examples could include:

- Allocate to LDCs net new distributed energy resources on a regional basis; and
- Involve utilities in DER procurement and enabling infrastructure.

4. Independent Oversight

"...oversight mechanisms should be established to monitor development of policy direction and implementation."

A significant number of submissions touched on the theme of "independent oversight" which includes changes to improve transparency and accountability of planning processes and planning decisions. The perceived lack of independent oversight of major expenditures and investments made as a result of planning assessments was noted by many commenters as a key concern.

Options shared with ENERGY to enhance oversight could include:

- Strike an expert panel or a "task force" to review the plan(s); and
- Enhance or expand the oversight functions and mandate of the OEB, especially over activities that result in costs being recovered from ratepayers.

The majority of commenters who discussed oversight and approvals felt that the OEB was in the best position to serve this role.

The scope of oversight and review was discussed in many submissions. Some commenters were concerned that too broad a scope would create a logjam in the planning process and delay action/implementation. Examples shared to ensure an expeditious review include limiting the scope of the review to cost assumptions going into the planning and/or developing a test/set of criteria of reasonableness rather than accuracy of planning assumptions.

While conceding that expanding OEB's review beyond cost alone has inherent challenges, other commenters suggested that plans should be also be assessed against the government's stated objective in areas such as consumer protection and climate/sustainability goals. Many commenters were specifically concerned with the

absence of sustainability indicators or greenhouse gas emissions targets in the OEB's mandate. In any case, the majority felt that the scope of the review should be clearly defined for OEB through government policy.

The timing of oversight and review was also discussed. Options included requiring legislative or regulatory approval of the plan itself or applying oversight to procurement mechanisms or decisions that have cost implications, rather to the plans themselves, since the plans subject to constant evolution and more difficult to evaluate against firm criteria. Another option is to apply a regulatory review to plans which would focus only on consistency with policy direction and reasonableness of planning assumptions, and a full hearing (adjudicative review) to procurement decisions.

Submissions also advised that overall transparency in the planning process would be aided by greater oversight of IESO within the long-term planning process – for example, through requiring the OEB or another independent body to review IESO's planning activities. Further, while multiple submissions commented on IESO having improved its stakeholder processes, submissions also expressed a desire for greater transparency from IESO about its decision-making (i.e., particularly related to procurement).

5. Enhanced Stakeholder and Public Participation

"Increased and more well-integrated stakeholder engagement opportunities throughout the planning process would also serve to enhance transparency and effectiveness"

Most submissions highlighted the importance of comprehensive, meaningful engagement with stakeholders, communities and Indigenous partners in any potential long-term planning framework. Among these submissions, a number of considerations were raised as contributing to more effective engagement, including:

- **Timing:** Participation and feedback effectively incorporated into planning through involvement from the beginning of the planning process.
- **Accessibility:** Barriers to participation in consultation should be removed/limited.
- **Transparency:** Government and/or agencies should be prepared to explain how engagement feedback was considered in decision-making.
- **Decentralization:** Increased reliance on distribution system plans, regional plans, and community energy plans to frame and drive planning decisions.

Submissions commented on opportunities for government, the IESO and the OEB to improve engagement processes, emphasizing the importance of early and frequent consultation to inform both policy formation and planning/implementation. Several comments advocated for a greater role for municipal leadership in long-term planning. Submissions also advocated for greater transparency on how feedback and ideas

provided through consultation to government or agencies influenced considerations and decision-making.

Multiple submissions emphasized the importance of engaging with Indigenous peoples as full partners in long-term planning. Specifically, submissions called for funding to be provided for Indigenous participation in all stages of energy planning and for increased proactive engagement with Indigenous partners, particularly where planning matters may affect communities' treaty or other rights. An additional submission recommended learning from best practices of completed energy projects that involved significant Indigenous participation.

CONCLUSION AND NEXT STEPS:

ENERGY is grateful for the thorough and well-considered feedback and advice provided by Ontario residents, organizations and Indigenous partners through this engagement. This feedback, in combination with internal research, will provide a basis for developing further considerations for Ontario's long-term planning framework.

A review of options for a restructured long-term planning framework and reflection on the insightful feedback received through this process will require consideration of the complexity of the energy system, emerging trends and technology in the sector as well as environmental commitments. The government has the difficult task of balancing competing objectives and continuing to ensure a reliable and affordable supply of energy for the benefit of residents and businesses in Ontario.

ENERGY is taking a measured approach to reforming Ontario's long-term energy planning framework. As a first step, the Government revoked O. Reg. 355/17, which required the government to publish a Long-Term Energy Plan (LTEP) every three years. While the review is underway, the Ministry, IESO and OEB retain current authorities for planning and energy decisions. IESO is continuing its ongoing planning activities, including releasing planning outlooks regularly and consulting and developing regional plans with stakeholders.

ENERGY will announce next steps and additional opportunities to provide input as they become available.

Appendix A: List of Contributing Organizations

InnPower	City of Toronto
Sustainable Buildings Canada	CanREA
Roseburg Forest Products	Environmental Defense
Southwest Oxford	Canadian Manufacturers and Exporters
Atmospheric Energy Systems	TransAlta
Ontario Federation of Agriculture (OFA)	Bruce Power
Durham	Enbridge
Efficiency Canada	City of Brampton
Peak Power	Pollution Probe
Ottawa Renewable Energy Cooperative	Ontario Nonprofit Housing Association
AMO	Individual (10)
City of Pickering	Essex Power
SNC Lavalin	Society of United Professionals
York University Faculty of Environmental and Urban Change (Mark Winfield)	BWXT
QUEST	Alectra
Energy Storage Canada	Green Ribbon Panel (Nuclear)
Individual (6)	Market Surveillance Panel
CHEC	Gwayakocchigewin Limited Partnership
Ontario Mining Association	Ontario Rivers Alliance
Council for Clean and Reliable Energy	The Atmospheric Fund
AMPCO	Ontario Nuclear Advantage
TRBOT	Enwave
OPG	Ontario Energy Association
APPrO	Toronto Hydro
OWA	Ontario Greenhouse Vegetable Growers
Canadian Vehicle Manufacturers Association	City of Ottawa
Métis Nation of Ontario	Capital Power
OSPE	Clean Air Council and Clean Air Partnership
Power Workers' Union (PWU)	Region of Peel
TC Energy	Canadian Nuclear Association
CELA and LIEN	Industrial Gas Users Association
EDA	Prince Edward County
Hydro One	BOMA
York Region	Individuals x 13

Appendix B: Guiding Questions Included in ERO Posting

The following inexhaustive list of questions was posed within the ERO posting to help guide feedback:

- How can we promote transparency, accountability and effectiveness of energy planning and decision-making under a new planning framework?
- What overarching goals and objectives should be recognized in a renewed planning framework?
- What respective roles should each of the Government, IESO, and the OEB hold in energy decision-making and long-term planning?
- What kinds of decisions should be made by technical planners at the IESO and the OEB as regulators?
- What types of decisions should require government direction or approval?
- Are there gaps in the IESO and the OEB's mandates and objectives that limit their ability to effectively lead long-term planning?
- Should certain planning processes or decisions by the IESO, the OEB, or the government receive additional scrutiny, for example through legislative oversight or review by an expert committee?
- How often and in what form should government provide policy guidance and direction to facilitate effective long-term energy planning?
- How do we ensure effective and meaningful Indigenous participation in energy sector decision-making?