



March 29, 2019

Making Polluters Accountable
Industrial Emission Performance Standards
Ontario Ministry of the Environment, Conservation and Parks
135 St. Clair Avenue W
Toronto, Ontario
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Re: PWU's Comments on the Industrial Emission Performance Standards

The Power Workers' Union (PWU) is pleased to submit comments and make recommendations to the Ontario Ministry of the Environment, Conservation and Parks regarding the draft proposal entitled "Making Polluters Accountable: Industrial Emission Performance Standards". The PWU strongly believes in reducing greenhouse gas emissions, and that an industrial emission performance standard is a significant opportunity to achieve this goal. Specifically, this letter comments on the performance standard for fossil-based electricity production contained in Table 2 of the draft proposal.

Performance Standard for Fossil-Based Electricity Production

The PWU is of the opinion that the proposed performance standard for electricity production, 420 tonnes CO₂e/GWh, is not stringent enough to adequately address the emissions reductions needed to combat climate change. A standard in line with the current federal performance standard for natural gas-fired electricity generation, which is set at 370 tonnes CO₂e/GWh, would be more appropriate.

In 2018, during the design of its output-based pricing system, Environment and Climate Change Canada held several stakeholder meetings and presentations. Documented results from the associated federal government stakeholder engagement indicates an initial proposed single output-based standard of 420 tonnes CO₂e/GWh for fossil fuel-based electricity generation. Environment and Climate Change Canada undertook extensive consultations with stakeholders, including three full-day meetings with over 200 stakeholders, and over 40 written submissions. These consultations indicated that a standard of 420 tonnes CO₂e/GWh was inadequate for several reasons, including that it: risked resulting in significant and unnecessary investments in new natural gas capacity; locked in emission intensive electricity generation for decades; and, failed to deliver a meaningful financial incentive to build new renewable capacity. The federal government ultimately incorporated this stakeholder input and modified the proposed output-based standard to a more stringent 370 tonnes CO₂e/GWh. The PWU invites the Ministry of the Environment, Conservation and Parks to make a similar amendment.

With respect to section 3.1.2(1), the draft proposal indicates that Ontario has been highly successful in creating one of the cleanest energy grids in all of North America, and that emissions from electricity generation are predominantly from natural gas-fired generators. The proposal further states that because of this success in achieving clean energy, a stringency factor for electricity generation may not be applied. The government proposal is unclear: will a standard of 420 tonnes CO₂e/GWh be applied, or will no stringency standard be applied? Both options dilute the proposed provincial standard compared to the current federal standard for natural gas-fired electricity generation, which, as indicated above, was reached after extensive input from stakeholders. Without such a standard in place, Ontario's greenhouse gas emission reductions achieved to date will be at risk and the province's reputation as one of North America's cleanest electricity grids may be eroded.

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The IESO is currently developing its Market Renewal Program which is enabling procurement processes to address the electricity supply gap that will emerge with the retirement of the Pickering Nuclear Generating Station by 2024. All indications from the IESO suggest that this capacity will be replaced with greater natural gas-fired generation output. The IESO's long-term demand forecast to 2035 suggests that 25% to 40% of the emission reductions achieved through the closure of the coal plants will be foregone. Proceeding with the less stringent emission standard on natural gas-fired generation is inconsistent with the progress Ontario has made.

Overall, the PWU suggests that if the long-term view of reducing greenhouse gas emissions while addressing the needs of Ontario's industrial sector is a provincial policy objective, the performance standard for fossil-based electricity must be more stringent. We believe this is consistent with and supportive of Ontario's objective of supplying low-cost, reliable and low greenhouse gas emitting electricity. The PWU looks forward to discussing these comments in further detail with the Ministry of the Environment, Conservation and Parks.

We hope you find the PWU's comments useful.

Yours very truly,

A handwritten signature in black ink, appearing to read 'Mel Hyatt', written in a cursive style.

Mel Hyatt
President

Cited Sources

"Update on the proposed Output-Based Pricing System: Multi-sector meeting, September 13, 2018," Environment and Climate Change Canada

"Multisector Electricity Working Group: Webinar, October 24th, 2018," Environment and Climate Change Canada, Electricity and Combustion Division

"Technical Planning Conference, 2018," IESO; "Preliminary Long-Term Demand Forecast, 2019," IESO; "Participation in Ontario's Future Electricity Markets NERSC Draft Report, 2018," IESO.