

RE: ERO # 019-2709

Established in 1969, Pollution Probe is one of Canada's longest serving and most respected environmental organizations. Pollution Probe has a proven track record of working in successful partnerships with industry and government to develop practical solutions for shared environmental challenges. Its approach is to define environmental problems through research, to promote understanding through education, and to press for practical solutions through advocacy.

Pollution Probe supports the Ontario Government's commitment to improve its energy planning process. Energy planning has long been a contentious issue and various governments have made substantial changes to energy planning, changes which have not always benefited Ontarians. Given the rapid developments and innovation happening in the energy sector in Ontario as elsewhere, and the fact that energy assets are long-lived, it is critical that the Province has a clear energy planning process that will position it for success.

Pollution Probe has extensive experience in examining ways to improve energy planning in Ontario and in Canada. For electricity, Pollution Probe last year conducted a research and engagement project looking at options to replace Pickering Nuclear Station when it is retired, and that included changes to local and regional planning.¹ Pollution Probe has also examined the methods to improve energy planning related to the future of natural gas² and in transportation.³ Pollution Probe in partnership with QUEST has worked on improving community energy planning,⁴ and more work is being done on that area, and on reducing regulatory barriers to low-carbon innovation.⁵

We have not responded to every question from the consultation and focused on where we feel we can contribute substantive input. In addition, these comments are focused on the process of creating a plan rather than on what the plan should contain. See our answers below.

- ***What overarching goals and objectives should be recognized in a renewed planning framework?***

The overarching goal of the renewed planning framework should be the implementation of Government energy policies in the most cost-effective manner possible. To achieve this, it is critical that the Government present a long-term energy vision for the Province, which should include clear linkages to how the Province can contribute to the achievement of national net-zero targets. The renewed planning framework can then ensure that those objectives are met in the most efficient and cost-effective manner. Without a long-term vision for the future of energy in the Province, there will be no basis from which energy can be planned for, and any framework developed will not help move Ontario's energy systems towards what will be needed in the future.

¹ <https://www.pollutionprobe.org/energy/replacing-pickering/>

² <https://www.pollutionprobe.org/future-hold-natural-gas-report/>

³ <https://www.pollutionprobe.org/transportation/>

⁴ <https://smartenergycommunities.ca>

⁵ <https://www.pollutionprobe.org/energy/innovation-sandboxes-project/>

Another key objective should be the development of an integrated all-energy plan. Sector coupling (the coupling of different energy systems, such as heating-transportation-electricity) will mean that the current siloed energy planning process, where electricity, gas and transportation are considered independently, is no longer sufficient or valuable for the Province. The integration of hydrogen will exacerbate the sector coupling between electricity, gaseous and transportation. Without an integrated all-energy planning framework, the results will fail to recognize the increasingly integrated nature of our energy system and will fail to seize upon the possible synergies between different energy commodities and end-use sectors, leading to difficult in finding least-cost solutions. Such an integrated energy planning framework will also consider social equity, and ensure that customers benefit from any change, and that low-cost solutions are prioritized.

In addition, a piecemeal siloed energy approach will likely lead to confusion and uncertainty by the private sector, which could limit needed investment in the Province's energy system and economy and increase costs to consumers. An integrated all-energy plan would allow for the private sector to choose the best energy commodities and services that can meet their needs and will give the assurance to invest in long-lived energy assets.

A third key objective should be the integration of local energy planning. The 2020s and the 2030s will see greater electrification and sector coupling in areas such as transportation and heating. This will create changes in demands on local networks, and in local buildings. Local authorities need to be included as part of the energy planning conversation.

- ***Role of Government departments and agencies***

Government departments and agencies should be given the responsibilities and roles for which they are best equipped to deal with. The Minister of Energy, Northern Development and Mines should be responsible for providing the long-term energy vision that the plan will work to realize. The IESO can then examine the implications as the electricity system operator; Enbridge Gas, as the gas transmission system operator, will have to report on the implications for the gas system; and the OEB will need to evaluate the implications on the regulated system. These departments and agencies have specific capabilities and roles. None of them have currently have the capacity to significantly expand their roles.

- **What kinds of decisions should be made by technical planners at the IESO and the OEB as regulators?**

Technical decisions that will lead to the implementation of the plan should be the purview of the IESO as the electricity system operator, Enbridge Gas as the gas transmission operator, and the OEB as the regulator. The integrated plan should be detailed enough for the technical planners at the agencies to prepare implementation plans and achieve the objectives in the required timeframe.

- **Are there gaps in the IESO and the OEB's mandates and objectives that limit their ability to effectively lead long-term planning?**

The IESO and the OEB are not well equipped to lead the long-term planning process. The IESO is well equipped to plan the electricity system; the OEB likewise on evaluating regulated utilities' plans.

Enbridge Gas likewise has the capabilities on the gas side. None have the expertise or the capacity to conduct all-energy integrated energy planning that can consider how all energy forms can be used together to meet Government objectives. While their input will be critical in developing the plan, and even more critical in the implementation of the plan, none of them have the capacity to lead the long-term planning process. In addition, the OEB process is inherently complex and technocratic. While important when conducting regulatory oversight, the OEB's process is difficult for non-energy stakeholders to participate, acting as another barrier.

On another note, expanding the OEB's mandate to include meeting government objectives in regulatory decision making would be useful in the implementation of the plan. For example, Ofgem in the UK has the mandate to achieve net-zero by 2050 at least cost to consumers. Such a mandate would improve regulatory decision making and provide long-term certainty. In work that Pollution Probe is engaged with at the International Energy Agency, it has been found that including regulators in implementation of the plan and empowering them to meet Government objectives is a key component of effectively meeting emissions reduction targets.

In many jurisdictions, long-term planning is conducted by an independent third-party, such as the California Energy Commission, the New York State Energy Research and Development Authority, the Swedish Energy Agency or in the UK the Department for Business, Energy and Industrial Strategy (in cooperation with the Climate Change Committee). In no jurisdiction we are aware of is long-term energy planning conducted by the electricity system operator or the energy regulator. We recommend an ad hoc third party to conduct the long-term planning (see below).

- **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?**

As mentioned above, we are unaware of any jurisdiction where long-term all-energy integrated planning is conducted by the regulator or the electricity system operator.

Given the lack of an independent third-party energy agency with the necessary skills and internal capacity to create the needed plan, Pollution Probe suggests that a task force, consisting of the system operators (the IESO and Enbridge Gas), the OEB, LDCs, municipal governments, Indigenous communities, industry, and civil society (including consumers and environmental organizations), are tasked with creating the integrated plan based on Government directions and policy vision. The members of the task force would need to be compensated, and Ministry of Energy staff could provide secretariat services.

The Task Force would conduct public and industry engagement and would collect feedback from interested parties across the Province. Basing a long-term plan on such an inclusive program would create long-term buy-in and reduce policy uncertainty, thereby increasing the effectiveness of the plan and reducing opposition. It would also ensure that all voices are heard, and that social equity is a cornerstone of any long-term energy plan.

- **How often and in what form should government provide policy guidance and direction to facilitate effective long-term energy planning?**

The Government should provide policy guidance and an overarching vision of the future of energy in Ontario at the beginning of the process. The plan on how to achieve that vision will be prepared by the Task Force, and the implementation led by the agencies. This long-term vision should be consistent with nationally determined emissions-reductions targets and policies.

Conclusion

In Pollution Probe's view, an integrated all-energy plan that considers electricity, thermal, transportation and all energy sources, including hydrogen and gaseous fuels, and has a net zero economy by 2050 as the goal is required to ensure the Province is well-positioned for the future.

It is also Pollution Probe's view that there is no one organization in Ontario that is equipped to conduct such integrated all-energy planning. As discussed above, in no jurisdiction that we are aware of is such planning conducted by the electricity system operator or the regulator. As such, Pollution Probe suggests the following:

- The Government provides policy guidance and long-term energy vision
- Creation of an integrated all-energy plan that meets Government objectives by broad multi-stakeholder Task Force
- Implementation of the all-energy plan by the IESO, OEB, Enbridge Gas and other utilities, and empowering them to consider government energy policy objectives in all operations.

Forward-looking companies seek to situate themselves in forward-looking jurisdictions, and a net zero by 2050 goal will send clear market signals regarding Ontario's commitment to innovation and sustainable development. And long-term certainty will ensure that costs for meeting our climate targets will be as low as possible and the consumers will have their long-term interests protected.

We would like to thank the Government of Ontario for the opportunity to comment on the future of energy planning for Ontario. Pollution Probe works on almost every element of the energy system, from innovation to electricity to natural gas to transportation, so please do not hesitate to reach out if you would like to further leverage our experience and partnerships in this area.