

Integrated Energy Resource Plan Consultation ERO 019-9285 Comments from CELA, LIEN and ACTO

The Ministry of Energy and Electrification (Ministry) is seeking feedback that will inform Ontario's first integrated energy resource plan (IERP). The Ministry has posed an overarching question for feedback:

- What policy options and actions should the government consider in the integrated energy resource plan to achieve Ontario's vision for meeting growing needs, keeping energy affordable and reliable, ensuring customer choice and positioning us to be an energy superpower?

In addition, there are specific questions on planning for growth, affordable and reliable energy, and becoming an energy superpower.

We have prepared joint comments that will focus on the overarching question and to questions related to affordable and reliable energy. Our comments provide recommended policy options and actions that take into account Bill 214, which received royal assent on December 4, 2024.

Comments on Overarching Question

We recommend, at minimum, the province adopt the following policy guidance for the IERP:

- **Include all cost-effective energy efficiency in the IERP.** Energy efficiency, since the inception of energy efficiency programs in Ontario, has proven to be the most cost-effective energy supply option in Ontario. All cost-effective energy efficiency should be included in the IERP supply mix, before adding other supply sources.
- **The IERP should contain least-cost asset mix.** This least-cost asset mix should be determined by identification and evaluation of an appropriate set of non-wire solutions (NWS) and 'wires' solutions for each proposed asset need to determine the optimum mix of NWS and wires solutions for each asset need. NWS components include but are not limited to energy efficiency, demand response, storage, and distributed energy resources (DERs).
- **The analysis of least-cost solution options should be an 'all-in approach.'** The starting point would be the benefit-cost analysis tests of the OEB and IESO for NWS. Further research is needed, in a collaborative effort by the OEB and IESO, to develop a common, 'all-in, comprehensive approach' for measuring the costs and benefits from societal perspective so that options and the mix of options to address asset needs can be chosen in the most effective, transparent, and equitable manner.
- **Analysis of options should include risk assessment.** Inclusion of risk assessment in the analysis of options is necessary for all assets but particularly important for potentially more risky assets. Assets that are capital intensive, require long lead times or 20- to 40- year contracts to make them viable, and suffered in the past from delays and cost-overruns (such as large-scale nuclear reactors), are riskier. They have a risk profile that should be effectively assessed as part of the 'all-in approach', when evaluating what should comprise the mix of preferred options.

- **Meaningful off-ramps for risky assets and on-ramps for technology innovation.** For risky assets, the IERP should contain off-ramps to remove less cost-effective, more risky solutions from the existing IERP. Similarly, where the risk and cost profile have improved significantly due to technological innovation or other market conditions, the IERP should contain an on-ramp to enable these solutions to be effectively integrated into the IERP. The off-ramps and on-ramps should be integrated into the IERP update mechanism.
- **Encourage smaller DERs less than 1 MW.** The IERP should contain a strategy and implementation plan for the adoption of smaller DERs under 1MW to facilitate customer choice, improved reliability and resilience.
- **Decarbonization plan and GHG reduction goals.** The IERP should contain GHG reductions goals and a plan for decarbonization. The IERP should provide support to transition off carbon for those residential consumers, especially low-income energy consumers, who are likely to be on carbon-based energy, especially for heating, after those that can afford to transition have done so.
- **Climate resilience is an important objective for the IERP.** Climate resilience should be treated as a benefit to be incorporated into the least-cost analysis and as one of the objectives of the IERP.
- **The International Atomic Energy Agency (IAEA) safety standards for siting nuclear power plants should be met.** Adhering to these standards is important for safe and effective population and urban growth and development and emergency planning related to those assets of the IERP.

We recommend the Ministry set a policy for the general content of an integrated energy resource plan based on best practices. Setting this general content in policy will provide direction and consistency for IERPs going forward.

We recommend the IERP contain, but not be limited to:

- **Objectives.** These objectives should be clear, transparent, measurable (where appropriate) objectives for the IERP.
- **Timeframe.** This is the period covered by the IERP over which it will prevail. A common period is 5 years.
- **Update mechanism.** This update mechanism provides the process to be followed should conditions change such that an update to the IERP is needed between periods. The update mechanism should include monitoring process and metrics to be monitored as well as triggers for an IERP update (e.g., where conditions change such as electrification needs grow faster than anticipated, cheaper storage technologies make certain non-wire solutions more cost-effective).
- **Stakeholder consultation process.** The stakeholder consultation process to develop the IERP should be meaningful - structured, inclusive, enable integration of timely feedback into the IERP, and document feedback received and how it was addressed in the IERP.

- **Scenario analysis.** Different scenarios should be developed and assessed before choosing the most appropriate scenario as the basis for detailed planning in the IERP (e.g. electricity demand base case forecast, electricity demand is faster/slower than base case; need for GHG reductions is greater/lesser than forecast).

The scenario analysis should contain an identification and assessment of the benefits and costs to ratepayers, the environment, and the Ontario economy.

Where significant differing geographic or other impacts (e.g. socioeconomic) may occur, these should also be identified and addressed. In addition, particular attention should be paid to assessing impacts to ratepayers and taxpayers, such as low-income energy consumers, with fewer options to respond to potential costs.

- **Transmission, distribution and supply.** Transmission, distribution and supply should be described in aggregate, as well as across the economy such as on a sectoral and on a geographic basis.
- **Strategies, plans, and outcomes.** Strategies, plans and outcomes should include integration and coordination with existing planning processes, including but not limited to IESO's regional energy planning, distribution system planning, transmission system planning, as well as municipal planning.
- **Metrics for tracking IERP performance and for communicating results to Ontarians.** Metrics tracking should include tracking against the objectives of the IERP, compliance with policies set for the IERP, and impacts to Ontarians such as job creation/job loss, local regional economic development/loss, households that produce their own power, membership in cooperatives, and farmers and communities that benefit from renewable facilities.
- **Independent review process for the IERP.** The independent review process should have clear objectives, timetable and commitment to meaningful stakeholder funding. This process should be adjudicated by the OEB in an OEB process, which includes OEB's intervenor funding process. It should result in a public report to the Minister on the results of the review process, such that the report can contribute to the IERP content in a meaningful way.

Affordable and Reliable Energy

What further steps should the government take to enable households and businesses to manage and make informed decisions about their energy use?

We recommend the following steps to enable households to better manage their energy use:

- **Better coordination across rate assistance, arrears management and demand-side management programs.** Better coordination among these services provided by both Enbridge Gas Inc. (EGI), other natural gas distributors, and electric local distribution companies (LDCs) is needed to enhance customer service. This type of coordination should become a core business of the LDCs and natural gas distributors.

The coordination should include cross-referrals to ensure residential customers on rate assistance and/or arrears management assistance are provided with referrals to both EGI and IESO low-income and other income-eligible DSM programs and with ‘white glove service’ follow up to those referrals so that there is maximized uptake in relevant DSM programs of those customers. Similarly, those participating or have expressed interest in participating in the income-eligible DSM programs should be cross-referred to rate and arrears management assistance programs, as appropriate.

- **Offer rate subsidy for income-eligible natural gas customers similar to Ontario Electricity Support Program.** There is an Ontario Electricity Support Program, which provides an electricity rate subsidy to income-eligible electricity distribution customers. The transition to low carbon/no carbon fuels will likely result in low-income customers of EGI and of other natural gas distributors being one of the last customer groups able to transition off natural gas. As a result, they will likely bear much of the burden of the cost of the natural gas distribution system, including any stranded natural gas assets, unless they are provided very significant and timely assistance to electrify. These natural gas customers need rate subsidy now like that available for low-income electricity customers of LDCs to support them on the natural gas system, until they can appropriately transition.

The province should direct the OEB to embark on a consultation and to develop and implement a rate subsidy for low-income customers of EGI and other natural gas distributors, and to report to the government on progress. We anticipate this could be done within an 18-month period given the extensive experience of rate subsidy design and implementation in Ontario for low-income customers of electricity distributors.

What actions could the government consider to ensure the electricity system supports customers who choose to switch to an electric vehicle?

Tax credits for low-income consumers. To assist low-income consumers with the transition off gasoline to non-carbon alternatives, the province should establish tax credits and use other tools as appropriate (e.g. cover these services for those on ODSP) for low-income energy consumers to subsidize use of public transit and use of electric vehicle sharing.

Tax credits for companies providing EV sharing services. The province should provide tax credits for companies that provide EV sharing opportunities in multi-family affordable housing buildings. Similar tax credits could be provided to those that offer such sharing opportunities in condos, private rental market and in commercial buildings.