

Standing Committee on General Government

Room 1405, Whitney Block

Queen's Park, Toronto, ON M7A 1A2

Attn: Sylwia Przedziecki, Clerk

Wednesday, February 24, 2016

Submission to the Standing Committee on General Government in their consideration of Bill 135, Energy Statute Law Amendment Act, 2015

To the distinguished Members of the Standing Committee:

The Ontario Sustainable Energy Association (OSEA) is a member-based organization made up of aboriginal, community, public and private entities championing Ontario's transition to a decentralized, integrated and inclusive energy system. An energy system that powers, heats, cools and moves our prosperity, strengthening our community resilience, improving our health and creating good jobs. It is about developing portfolios of sustainable energy generation, a culture of conservation, water and energy efficiency and local ownership, partnerships and benefits.

On behalf of the OSEA membership, I would like to thank you for inviting us to participate in the public hearing process on Bill 135, Energy Statute Law and Amendment Act, 2015.

In the most recent mandate letter to the Minister of Energy, Premier Wynne stated that "[w]e will place emphasis on partnerships with businesses, communities and people to help foster continued economic growth and make a positive impact on the lives of every Ontarian. This collaborative approach will shape all the work we do."

OSEA would caution the Minister, as we believe that this mandate will not be met with some of the proposed amendments, particularly with respect to long term planning, the diminished role of the Ontario Energy Board, and the repeal of the FIT program for the development of renewable energy. OSEA supports the expansion of conservation elements first introduced in the Energy Conservation and Leadership Act.

1. Long-term Energy Planning: Bill 135 gives the Minister of Energy (Minister), rather than the Independent Electricity System Operator (IESO), the responsibility for developing a long-term energy plan.

OSEA's View

- Given that the IESO's role would be reduced to providing technical reports whenever requested by the Minister, Bill 135 should remove the term "independent" from the name of the IESO.
- Bill 135 purports to be about energy planning but it continues to ignore any type of energy but electricity. Section 25.29 (2) refers to energy; however, it appears that relying only on a technical report from the IESO – the **Electricity System** Operator, the Bill ignores not

only other forms of energy but also, and more importantly from OSEA's point of view, the value of taking an integrated approach to creating a more balanced energy system, not just a reliable electricity system. This section also fails to reemphasize the Conservation First element given that conservation is the lowest cost source of energy, and the most effective means by which residential and commercial consumers can manage their energy costs.

- OSEA also contends that long-term energy planning would be better served through a collaboration between the IESO and other energy and environmental stakeholders, to ensure that the long-term energy plan is ambitious and feasible from a technical, economic and environmental perspective. OSEA, therefore, recommends that a multi-party committee be created for the design of the long-term energy plan. This will ensure that the Minister, Ministry officials and related agencies adhere to the mandated principles of collaboration and engagement.
- OSEA recommends that the Long-term Energy Planning process explicitly require that power, heating, cooling and transportation be incorporated into the integrated energy planning process. This should be paired with a third party performance based monitoring mechanism with key metrics including:
 - a. Value to citizens and rate payers
 - b. System reliability
 - c. Resilience to the effects of climate change
 - d. Air emissions
 - e. Consultation with aboriginal peoples
 - f. Engagement and participation of interested persons and communities
 - g. Employment
 - h. Economic development

2. Role of the Ontario Energy Board (OEB) in relation to the Long-term Energy Plan: Bill 135 removes the requirement that the long-term energy plan be reviewed by the OEB.

OSEA's View

- The OEB's role as an arms length third party has been to ensure that consumer interests are addressed and that energy policy is being implemented in the public interest. OSEA is concerned that by removing the obligation on the OEB to review the long-term energy plan, there will be no transparency in the planning process and no review of the trade offs within it.
- **OSEA suggests that the OEB not develop implementation plans, but have the responsibility to review the implementation plans.** In many ways this is its role with respect to natural gas, where gas supply planning and DSM planning are conducted by the utilities but reviewed and approved by the OEB. Similarly, with respect to the local distribution electricity companies, the OEB has progressed from reviewing annual rate submission to taking an integrated approach to 5 year distribution plans with incentive based rate making.

3. Feed-in Tariff (FIT) Program: Bill 135 would repeal the current provision of the Electricity Act, 1998 under which the Minister can direct the IESO to develop a feed-in tariff program.

OSEA's Input

- Both the FIT and microFIT programs have provided a useful mechanism to jumpstart renewable generation across the province as well as in other jurisdictions around the world. In Ontario, property owners and communities (i.e. municipalities, First Nations, co-ops, religious organizations, etc.) were able to participate meaningfully in the development of a sustainable energy system, stimulating manufacturing, creating jobs and building local capacity. The original concept was to allow for renewable energy to be developed at a predictable price, which eases the financing of projects. This has allowed individuals and communities to garner a social license for projects while building capacity in the communities where the developments take place and to distribute financial and other benefits more democratically. The programs have successfully resulted in billions of dollars being invested in Ontario, thousands of distributed energy projects, broad individual, community, aboriginal and industry participation, a rapid fall in the cost of technology and development costs, a healthy export business, and real green house gas emission reductions, and have established the province as a leader in renewable energy and climate change efforts.
- OSEA recognizes that there were issues around design, implementation, and the absence of success indicators. The FIT programs have been plagued with inconsistent implementation, delayed release of contracts, gaming by some proponents and poor communication outreach to both the public and industry partners. **These issues will not be fixed by removing this tool from the Ministry of Energy's toolkit and in fact – as seen with the Large Renewable Procurement, which excluded all except the largest proponents from participation – has the potential to aggravate the mistakes of the past by imposing projects on communities while excluding most Ontarians from participation.**
- OSEA recommends that the Minister direct the IESO to identify ways to improve the FIT programs to maximize the positive impacts of the programs in line with the metrics identified in section one of these recommendations. Furthermore, the third party responsible for reviewing the Long-term energy plan should also be tasked with reviewing the IESO's implementation of the programs based on these key indicators.
- Based on the aforementioned evaluation, the FIT programs should be adjusted to overcome the design and implementation challenges, to ensure that the people of Ontario continue to have opportunities to participate. Further revisions should then continue to be undertaken on a regular basis.
- As part of the amendment of the FIT program, we also recommend the IESO increase the project size limit of the FIT program from 500kW to 10MW, with larger projects requiring a cooperative, municipality or First Nation to be a majority partner in the project. Alternatively, the IESO could implement a Community FIT that is exclusively open to the foresaid groups and a project size of 500kW to 10MW.

4. Renewable Natural Gas (RNG): RNG is a more efficient energy supply and has the potential to diversify the energy supply-mix in Ontario while also addressing climate change measures.

- In line with our point in section one about the need for a holistic approach to energy planning, OSEA recommends the Ministry of Energy provide policy direction that supports

the development of a RNG supply program through an approved process. It is important that this program be established in 2016 to ensure supply is available at the start of 2017, coincident with the introduction of the Cap and Trade Program in Ontario. An RNG Program would help Ontario's 3.4 million natural gas customers reduce their GHG emissions, encourage local energy and economic development, and avoid the export of Ontario RNG resources and the associated GHG reductions to other marketplaces.

5. Energy conservation: Under proposed amendments to the *Green Energy Act, 2009*, there would be new reporting requirements, and water conservation (efficient use of water) would be addressed in certain provisions of that statute.

OSEA's Input

- OSEA strongly supports this expansion of the broader public sector energy reporting requirement, to include energy management plans and conservation target. Bill 135 should ensure that there is greater coordination between these conservation plans and the conservation and demand management (CDM) of the electric utilities and the IESO and the demand side management (DSM) of the natural gas utilities.

We thank you for your time.

Sincerely,



Nicole Risse
Interim Executive Director
Ontario Sustainable Energy Association

Copy: OSEA Board of Directors
OSEA Policy and Regulatory Advisory Committee
Ministry of Energy